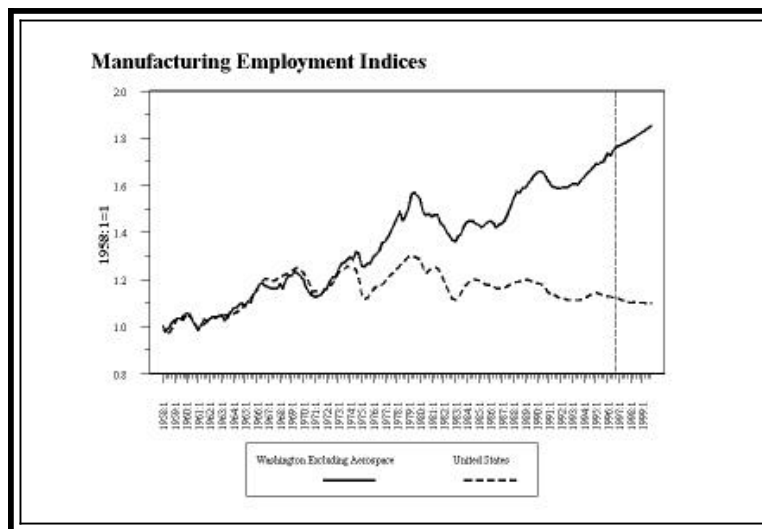


Washington Economic and Revenue Forecast



November 1996
Volume XIX, No. 4

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Explanation of the Cover Graph

Though Washington's aerospace industry receives considerable attention, it represents a bout one quarter of manufacturing employment in Washington. The cover chart illustrates the performance of the other three quarters of manufacturing employment in relation to U.S. manufacturing employment. While U.S. manufacturing employment has been in a declining trend since the late 1970s, Washington's "other" manufacturing employment has continued to rise. The forecast expects this trend to continue. U.S. manufacturing employment is expected to decline 2.0 percent during the next three years. Even without the huge increases expected in aerospace, however, Washington's "other" manufacturing employment is expected to rise 5.2 percent during the same interval.

Washington Economic and Revenue Forecast

Prepared by the
Office of the Forecast Council

November 1996
Volume XIX, No. 4

Preface

The Office of the Forecast Council is required by Chapter 231, Section 34, Laws of 1992 (RCW 82.33.020) to prepare a quarterly state economic and revenue forecast and submit it to the Forecast Council. This report presents the state's economic and General Fund-State revenue forecast. It is issued four times a year.

Copies are available to Washington State businesses and residents for \$4.50 per copy, and to those out-of-state for \$9.00 per copy. You may contact our office for more subscription information at (360) 586-6785 or by writing the Office of the Forecast Council, Post Office Box 40912, Olympia, WA. 98504-0912.

You may also access this report on our website at www.wa.gov/ofc.

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Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity

This forecast was produced prior to the advance GDP estimate for the third quarter of 1996. Real GDP growth slowed sharply in the third quarter to 2.2 percent from 4.7 percent in the second quarter. The advance estimate was very close to the forecast which had expected GDP growth of 2.3 percent. As expected, most of the third quarter growth was the result of an upsurge in inventory accumulation. Final sales inched up only 0.3 percent in the quarter compared to 0.8 percent in the forecast. Consumer spending rose at a weak 0.4 percent in the third quarter compared to an expected increase of 1.7 percent. Spending on durable and nondurable goods fell 0.8 percent and 0.3 percent respectively while consumer spending on services was up only 1.1 percent. Business fixed investment rose at a very strong 14.7 percent rate in the third quarter of 1996 compared to a forecast of 5.6 percent. Investment in producers' durable equipment soared 18.9 percent while nonresidential construction rose 3.3 percent. Residential fixed investment declined 5.7 percent in the quarter, however. As expected, the foreign sector continued to be a drag on GDP growth in the third quarter. While exports rose 0.6 percent in the quarter, imports jumped 8.3 percent. The government sector was also weak in the third quarter, declining at a 1.4 percent annual rate. Federal government purchases fell 3.9 percent, mainly as a result of a 5.0 percent drop in military spending. Other federal government purchases declined at a 1.8 percent rate in the quarter. State and local government purchases inched up at a 0.2 percent rate, however.

The strong growth in the first half of 1996 appears to be moderating, responding to the rise in interest rates earlier this year. Nevertheless, the

U.S. economy is operating close to capacity and the unemployment rate is below the level assumed to be consistent with stable inflation. As a result, the forecast assumes that the Fed will nudge the federal funds rate higher from the current rate of 5.25 percent to 6.00 percent by the third quarter of 1997. While the Fed action is designed to allow only moderate growth in the coming years, both wage and price inflation are expected to drift higher. The forecast calls for real GDP (1992 chain weight basis) to grow 2.4 percent in 1996, slowing slightly to 2.3 percent in 1997. Growth is expected to recover modestly to 2.5 percent in 1998 before slowing again to 2.1 percent in 1999. Inflation, as measured by the implicit price deflator for personal consumption expenditures (1992 chain weight basis) rose only 2.4 percent in 1995, the smallest increase since 1965. Inflation is expected to slow further to 2.1 percent in 1996. The inflation rate is expected increase during the remainder of the forecast, however. The implicit price deflator is expected to increase 2.5 percent in 1997, 2.6 percent in 1998, and 2.7 percent in 1999.

U.S. Forecast Highlights

1. Real GDP growth slowed in fiscal 1996 to 1.9 percent (1992 chain weight basis) following three years of growth in the vicinity of 3 percent per year. The pace of growth in the previous three years exceeded the long term potential of the economy and was clearly not sustainable. The "soft landing" forestalled the emergence of inflationary pressures but the unemployment rate remains below the point where an acceleration of inflation is likely. Another pause in growth in the first half of 1997 should lead to moderate growth during the next three years. GDP growth is expected to improve

to 2.5 percent in fiscal 1997, slowing to 2.3 percent in 1998 and 2.2 percent in 1999.

2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, dropped to just 2.1 percent (1992 chain weight basis) in fiscal 1996, the lowest level since 1966. The “soft landing” in the current biennium and modest growth in the next biennium should prevent any significant acceleration of inflation throughout the forecast. Nevertheless, the inflation rate is expected to drift up throughout the forecast, rising to 2.3 percent in fiscal 1997, 2.5 percent in 1998, and 2.7 percent in 1999.
3. The strong growth in the first half of 1996 led to renewed fears of accelerating inflation but the forecast assumed that the Fed would hold off on any interest rate hikes until after the November election. After the election, however, the Fed is expected to begin ratcheting up the funds rate to 6.00 percent by the third quarter of 1997. Modest growth in the first half of 1997 should lead to an easing of the federal funds rate which declines to 5.50 percent by the beginning of 1999. The three month Treasury Bill rate, currently near 5.00 percent, will follow a similar path, rising to 5.63 percent by the third quarter of 1997. Long term interest rates have already moved sharply higher. The mortgage rate, which had declined to 7.24 percent in the first quarter of 1996, rose to 8.15 percent in the third quarter. Mortgage rates are expected to continue to rise through the second quarter of 1997. Slower growth and easing inflation fears are expected to result in slightly lower rates in 1998 and 1999.
4. Housing starts reached a cyclical peak of 1.493 million units in the second quarter of 1996 in response to the low mortgage rates of late 1995 and early 1996. Higher mortgage rates and declining consumer confidence should produce a declining trend in housing starts which is expected to extend throughout 1997. Declining mortgage interest rates should lead to a modest recovery in 1998 and 1999, however.
5. Despite the slowdown in real growth in 1995, the U.S. unemployment rate has remained low. The 5.23 percent unemployment rate in the third quarter of 1996 was the lowest so far in the current expansion. As the economy slows, the unemployment rate is expected to rise slightly during 1997 reaching 5.45 percent in the fourth quarter. With the economy growing at about its potential, the unemployment rate should be stable in 1998 and 1999.
6. Thanks to economic growth, discretionary spending cuts, and the 1993 tax increases, the federal budget deficit continued to drop in fiscal 1996 to \$148.7 billion (national income and product accounts basis) from \$178.1 billion in 1995. The cyclical peak in the deficit was \$277.8 percent in fiscal 1993. While a balanced budget is not expected within the forecast horizon, fiscal restraint and economic growth will continue to reduce the budget deficit which is expected to reach \$117.7 billion in fiscal 1999.
7. The “soft landing” temporarily slowed the growth of imports. As a result, the trade deficit (national income and product accounts basis) narrowed in fiscal 1996 to \$85.1 billion from \$107.4 billion in 1995. U.S. exports will benefit from rebounding economies in Europe and Japan but the strong dollar will limit the improvement in exports while strong domestic demand will raise imports. The forecast expects the deficit to rise to \$112.2 billion in fiscal 1997, \$122.7 billion 1998, and \$122.0 billion in 1999.

Table 1.1 provides a fiscal year summary of the U.S. economic indicators.

Recent Economic Activity in Washington

The Employment Security Department has released preliminary employment estimates through September 1996. This forecast is based on adjusted employment estimates through September 1996 as described in **Adjustments to Economic Data**. The adjusted employment estimates indicate that total nonfarm employment surged 4.8 percent in the third quarter of 1996 after a lackluster 1.3 percent increase in the second quarter. Excluding the strike affected first quarter, the third quarter growth rate was the strongest since before the downturn in Boeing employment which began in 1990. Manufacturing employment rose 8,600 in the third quarter of 1996 (10.6 percent) following a flat second quarter. The aerospace sector alone accounted for 5,500 of the increase in the third quarter, growing at an 29.8 percent rate. The rest of the manufacturing sector was also strong, however, rising 3,100 for an average annual growth rate of 4.9 percent. Nonmanufacturing employment growth also picked up in the third quarter to 3.9 percent compared to 1.5 percent in the second quarter. The services sector, which added 9,900 (6.3 percent) in the quarter, was responsible for most of the 19,600 net new nonmanufacturing jobs. Wholesale trade employment was also strong, rising 2,800 (7.9 percent) in the third quarter as was state and local government which added 4,500 jobs for an annual growth rate of 4.8 percent.

This forecast incorporates the BEA's comprehensive revision to state annual personal income which was released in September. The data have been revised back to 1969 and are no longer consistent with estimates for prior years. In November 1996 the U.S. Department of Commerce, Bureau of Economic Analysis revised its quarterly state personal income estimates from 1969 through the first quarter of 1996 and released

preliminary estimates for the second quarter. Since the revised estimates were not available in time to use in this forecast, alternative estimates were constructed utilizing the BEA's state annual personal income estimates and the Covered Employment and Payrolls data produced by the Employment Security Department (see **Adjustments to Economic Data**). The adjusted second quarter personal income estimate of \$136.671 billion represents an increase of \$2.185 billion (1.6 percent) from the September forecast. The current estimate for wage and salary disbursements in the second quarter, based on Covered Employment and Payrolls data, is \$1.426 billion (1.9 percent) higher than the September forecast assumed and nonwage personal income was \$0.759 billion (1.3 percent) higher than expected in September primarily. While the forecast error in wages reflects very strong wage growth in the second quarter of 1996, the error in the nonwage components is primarily due to the comprehensive revision which added \$614 million to Washington nonwage personal income in 1995.

Reacting to the increase in mortgage interest rates since early 1996, the number of housing units authorized by building permit declined in the third quarter of 1996 to 40,600 from 42,900 in the second quarter and 46,000 in the first quarter. Both single family and multi-family permits declined in the third quarter. The forecast expects flat single family activity as mortgage rates stabilize but the multi-family sector will gain strength as net migration to Washington increases in the coming years.

Adjustments to Economic Data

This forecast incorporates the BEA's comprehensive revision to the state annual personal income which was released in September. The data have been revised back to 1969 and are no longer consistent with estimates for prior years. Because revised quarterly data were not available in time for this forecast, the quarterly estimates released in July were adjusted by the Forecast

Council to sum to the new annual estimates. Preliminary covered employment and wage data from the Washington Department of Employment Security were used to generate wage estimates for the first two quarters of 1996. For the nonwage estimates, the BEA's revision to the 1995 estimate was applied to the preliminary first quarter estimate and the model was used to solve for the second quarter.

This forecast utilizes alternative employment estimates which incorporate covered employment and payrolls data through the second quarter of 1996. In addition, the employment growth pattern from June 1996 to September 1996 has been adjusted to reflect the average revision between the growth in the preliminary, sample based employment estimates and the final, covered employment and payrolls based estimates during these months. This adjustment adds 5,400 to the employment growth during this period raising the annualized June to September growth rate from 4.7 percent to 5.6 percent.

Washington State Forecast Highlights

After a decline of 38,600 since the first quarter of 1990 (excluding the impact of the Boeing strike) Washington aerospace employment reached a turning point in the fourth quarter of 1995. Washington's aerospace employment forecast has been increased to reflect actual employment growth since July and Boeing's announced acceleration in its production schedule. The new aerospace forecast is 3,100 higher in the fourth quarter of 1996 and 6,500 higher by the third quarter of 1997. The forecast now assumes aerospace employment growth of 13,100 from the fourth quarter of 1995 to the fourth quarter of 1996 (excluding the strike impact). Cumulative employment growth is expected to reach 24,100 by the fourth quarter of 1997 and 28,600 by the fourth quarter of 1999. The electrical machinery employment forecast retains the assumption that Intel will add 1,000 employees per year through 1999 in conjunction with its new plant in Du-

Pont. Finally, Hanford related employment is now expected to decline 800 during 1997.

1. Real personal income growth increased to 4.1 percent in fiscal 1996 from 3.1 percent in 1995 as a result of very strong average wage growth and a dip in inflation. Real income growth is expected to slow during the remainder of the forecast as a result of increasing inflation and more modest wage growth. Real personal income is expected to rise 4.0 percent in fiscal 1997, 3.7 percent in 1998, and 3.3 percent in 1999.
2. Nominal personal income growth improved only slightly in fiscal 1996 to 6.2 percent from 5.7 percent the previous year as the improvement in real growth was largely offset by a reduction in inflation. Personal income growth is expected to remain relatively stable through the remainder of the forecast as real income growth remains strong and inflation remains moderate. The forecast expects personal income to increase 6.4 percent in fiscal 1997, 6.2 percent in 1998, and 6.1 percent in 1999.
3. Washington wage and salary employment growth slowed to only 1.4 percent in fiscal 1996 from 2.5 percent in 1995, hampered by a 2.0 percent decline in manufacturing employment. The forecast calls for employment growth to improve during the coming years led by the aerospace and high tech sectors. The forecast calls for employment growth of 3.1 percent in fiscal 1997, 2.8 percent in 1998, and 3.0 percent in 1999.
 - Lumber and wood products employment increased 200 in the third quarter of 1996 to 35,000 following a decline of 600 in the second quarter. Employment in this sector continues to trend down following a sharp decline during the 1990-91 recession. Lumber and wood products employment is now

7,600 lower than the cyclical peak in the fourth quarter of 1988 as timber supply constraints have reduced Washington's share of the nation's wood products employment. Employment is expected to continue to drift down, falling another 1,000 by the end of 1999.

- Aerospace employment soared 5,500 in the third quarter of 1996 and is up 8,600 over the fourth quarter of 1995 after adjusting for the effect of the Boeing machinists' strike. Strong employment growth is expected for the remainder of this year and next year as Boeing ramps up production. Washington aerospace employment, which fell 38,600 from the first quarter of 1990 to the fourth quarter of 1995 (excluding the strike), is expected to increase a total of 28,600 by the end of 1999.
- Construction employment declined 100 in the third quarter of 1996 to 124,000. Washington's construction industry has been remarkably stable during the last six years. While construction employment in Washington never declined during the last recession, growth has averaged only 0.8 percent per year since the construction boom of the late 1980's ended in the second quarter of 1990. Construction employment growth is expected to remain slow through 1997, averaging only 0.7 percent over the next five quarters. Growth should pick up in the last two years of the forecast, however, in response to a strong local economy, an upsurge in population growth, and an increase in housing demand. Employment growth is expected to average 1.6 percent per year in 1998 and 1999.
- Employment in finance, insurance, and real estate rose at a healthy 2.9 percent rate in the third quarter of 1996. Employment in this sector has recovered 2.5 percent since the second quarter of 1995. During the previous five quarters, employment had declined 3.9 percent as a result of the unwinding of the refinancing boom that resulted from the low interest rates of late 1993 and early 1994. Finance, insurance and real estate employment is expected to grow at a moderate average annual rate of 1.5 percent during the remainder of the forecast.
- Retail trade employment rose at a 1.8 percent annual rate in the third quarter of 1996 following a 1.9 percent decline in the second quarter. The forecast expects moderate retail trade employment growth during the next five quarters due to a decline in consumer confidence and a shakeout in the industry. Retail trade employment growth is expected to average 2.5 percent per year through 1997. Growth should pick up to an average rate of 3.4 percent during the final eight quarters of the forecast, however, as the U.S. economy revives and Washington's population growth accelerates.
- Services employment rose at a strong 6.3 percent annual rate in the third quarter of 1996 and the monthly data through September suggest that the fourth quarter growth rate will be nearly as high. The reductions in Hanford cleanup employment appear to be winding down and the software industry continues to hire at a feverish pace. As a result of these trends and the nationwide shift to services employment, the services sector is expected to continue to outperform the overall economy. The forecast expects services employment

growth to average 4.0 percent through the end of 1999.

- State and local government employment increased at a 4.8 percent rate in the third quarter of 1996 following a weak 1.5 percent increase in the first quarter. The monthly data indicate a slight decline in the fourth quarter which would generate a moderate fourth quarter to fourth quarter growth rate of 2.7 percent. Growth should remain moderate during the remainder of the forecast. While the local economy is picking up steam, the growth in the school-age population is expected to slow. State and local government employment growth is expected to average 2.4 percent per year through 1999.

4. The number of housing units authorized by building permit declined 1.6 percent in fiscal 1996 to 40,900 following a 6.6 percent decline the previous year. The forecast predicts little improvement in 1997 as slow population growth and higher mortgage interest rates hold permits to 41,400. A recovery is expected in the final two fiscal years, however, when an upturn in population growth will boost housing activity in the multi-family market. The forecast expects 44,200 housing units in fiscal 1998 and 46,600 in 1999.
5. Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, declined to 2.8 percent in fiscal 1996 from 3.5 percent in 1995. The local inflation rate is currently well below the cyclical high of 7.6 percent in 1991, and about the same as the U.S. rate of 2.7 percent. Continued moderate U.S. inflation combined with the lagged impact of a weak local economy are expected to hold the local inflation rate to 2.9 percent in fiscal 1997. As economic growth and net

migration to Washington increase, regional inflation is expected to rise. The forecast expects the Seattle CPI to rise 3.0 percent in fiscal 1998 and 3.2 percent in 1999.

Table 1.2 provides a fiscal year summary of the state economic indicators.

Alternative Forecasts

As required by statute, two alternatives to the baseline forecast have also been adopted by the Forecast Council. One of these was based on more optimistic economic assumptions than the baseline and one was based on more pessimistic assumptions. These alternatives are summarized in Table 1.3.

The optimistic alternative hinges on the assumption that the economy has a greater capacity for growth than in the baseline forecast and that the unemployment rate can remain low without significantly higher inflation. This high growth, low inflation scenario is favorable for investment, particularly in producer's durable equipment. Consumer confidence remains higher than in the baseline forecast, supporting spending on consumer durables. The Federal Reserve raises the federal funds rates to 5.75 percent by the second quarter of 1997 to prevent the expansion from getting out of hand. These adjustments were supplemented at the state level with higher personal income, a stronger rebound in aerospace employment than assumed in the baseline forecast, and higher wage and price growth in Washington. Population growth and construction employment were also enhanced in the optimistic alternative. By the end of the 1997-99 biennium, Washington nonagricultural employment is 65,400 higher than in the baseline forecast and Washington personal income is \$8.2 billion higher. The optimistic scenario generated \$940 million (4.8 percent) more General Fund-State Revenue in the 1997-99 biennium than did the baseline forecast.

In the pessimistic alternative forecast, political turmoil in the Middle East pushes oil prices sharply higher in the fourth quarter of 1996. This shock, combined with faster employment and wage gains, leads to an increase in the CPI inflation rate which jumps to 4.9 percent in the fourth quarter. The Fed overreacts to the acceleration of inflation by abruptly raising the federal funds rate to 7.25 percent in the first quarter of 1997. Higher inflation and interest rates lead to a decline in consumer confidence and spending. The result is a three-quarter recession marked by a 0.9 percent reduction in real GDP beginning in the first quarter of 1997. Locally, the aerospace upturn is more modest than in the baseline forecast. Washington wages and prices grow more slowly than in the baseline forecast and Washington personal income is lower. Population growth is also lower in this scenario as is construction employment growth. At the end of the 1997-99 biennium, Washington nonagricultural employment is 56,400 lower than in the baseline forecast and Washington personal income is \$7.0 billion lower. The pessimistic scenario produced \$1,005 million (5.2 percent) less revenue in 1997-99 than did the baseline forecast.

Governor's Council of Economic Advisors Scenario

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. There were only minor differences between the Governor's Council scenario and the baseline forecast. For the U.S., the Council members expected slightly lower real GDP growth but higher inflation than in the baseline forecast. The GCEA forecast for Washington State was also very similar to the baseline forecast but the Council members expected slightly weaker personal income, employment, and housing activity. While not shown in

Table 1.3, the GCEA expected stronger construction activity which more than offset the adverse effect of weaker aggregate employment and income on revenue. At the end of the 1997-99 biennium, Washington nonagricultural employment is 5,100 lower in the GCEA forecast than in the baseline and Washington personal income is \$0.3 billion lower. The Governor's Council scenario generated \$12 million (0.1 percent) more General Fund-State revenue in the 1997-99 biennium than did the baseline forecast, however.

TABLE 1.1

Fiscal Years

U.S. Economic Forecast Summary

Forecast 1997 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Real National Income Accounts (Billions of Chained 1992 Dollars)								
Real Gross Domestic Product	6145.8	6317.8	6489.7	6688.3	6816.0	6989.3	7151.5	7311.8
% Ch	1.0	2.8	2.7	3.1	1.9	2.5	2.3	2.2
Real Consumption	4149.7	4279.4	4407.2	4529.5	4635.8	4763.2	4899.1	5012.8
% Ch	0.8	3.1	3.0	2.8	2.3	2.7	2.9	2.3
Real Nonresidential Fixed Investment	546.7	573.4	619.7	688.8	734.1	769.3	807.2	840.4
% Ch	-3.6	4.9	8.1	11.2	6.6	4.8	4.9	4.1
Real Residential Fixed Investment	209.2	234.0	258.3	265.8	270.3	282.4	279.2	282.1
% Ch	5.8	11.9	10.4	2.9	1.7	4.5	-1.1	1.0
Real Personal Income	5185.1	5296.5	5399.3	5586.7	5775.6	5948.9	6082.9	6213.5
% Ch	0.9	2.1	1.9	3.5	3.4	3.0	2.3	2.1
Real Per Capita Income (\$/Person)	20,380	20,600	20,787	21,297	21,808	22,256	22,553	22,835
% Ch	-0.2	1.1	0.9	2.5	2.4	2.1	1.3	1.3
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	0.984	1.014	1.038	1.065	1.087	1.112	1.140	1.170
% Ch	3.5	3.0	2.3	2.6	2.1	2.3	2.5	2.7
U.S. Consumer Price Index (1982-84= 1.0)	1.383	1.426	1.463	1.505	1.546	1.593	1.637	1.683
% Ch	3.2	3.1	2.6	2.9	2.7	3.0	2.7	2.8
Employment Cost Index (June 1989= 1.0)	1.105	1.134	1.169	1.202	1.239	1.285	1.329	1.371
% Ch	3.4	2.6	3.0	2.9	3.1	3.7	3.4	3.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	6068.8	6400.9	6732.4	7107.8	7408.1	7761.9	8110.7	8491.2
% Ch	4.3	5.5	5.2	5.6	4.2	4.8	4.5	4.7
Personal Income	5103.8	5372.1	5603.4	5947.5	6275.6	6615.2	6932.8	7270.5
% Ch	4.5	5.3	4.3	6.1	5.5	5.4	4.8	4.9
Employment (Millions)								
U.S. Civilian Labor Force	127.1	128.6	130.1	131.8	132.9	134.8	136.5	138.2
Total U.S. Employment	117.9	119.2	121.6	124.3	125.5	127.7	129.1	130.6
Unemployment Rate (%)	7.23	7.30	6.57	5.68	5.57	5.30	5.42	5.45
Wage and Salary Employment	108.22	109.47	112.29	115.94	118.28	120.50	122.05	124.09
% Ch	-0.6	1.2	2.6	3.2	2.0	1.9	1.3	1.7
Manufacturing	18.23	18.08	18.15	18.48	18.35	18.17	17.92	17.88
% Ch	-2.6	-0.8	0.4	1.8	-0.7	-1.0	-1.4	-0.2
Durable Manufacturing	10.40	10.24	10.29	10.60	10.65	10.62	10.40	10.33
% Ch	-4.0	-1.6	0.5	3.0	0.5	-0.3	-2.1	-0.6
Nondurable Manufacturing	7.83	7.84	7.86	7.88	7.70	7.55	7.52	7.55
% Ch	-0.8	0.2	0.1	0.4	-2.4	-1.9	-0.4	0.3
Nonmanufacturing	89.99	91.39	94.14	97.45	99.93	102.33	104.13	106.21
% Ch	-0.2	1.6	3.0	3.5	2.5	2.4	1.8	2.0
Services	28.64	29.60	30.81	32.40	33.74	34.86	35.85	36.96
% Ch	1.8	3.4	4.1	5.2	4.1	3.3	2.8	3.1
Miscellaneous Indicators								
Auto Sales (Millions)	8.2	8.3	8.8	8.8	8.8	8.6	8.5	8.5
% Ch	-4.6	1.0	6.3	-0.8	-0.0	-2.0	-1.3	0.3
Housing Starts (Millions)	1.131	1.211	1.395	1.386	1.448	1.443	1.359	1.367
% Ch	10.8	7.1	15.1	-0.7	4.5	-0.3	-5.8	0.6
Federal Budget Surplus (Billions)	-250.0	-277.8	-217.5	-178.1	-148.7	-118.6	-135.0	-117.7
Net Exports (Billions)	-18.7	-47.0	-78.8	-107.4	-85.1	-112.2	-122.7	-122.0
3-Month Treasury Bill Rate (%)	4.37	3.02	3.32	5.27	5.14	5.29	5.49	5.29
30-Year U.S. Govt. Bond Rate (%)	7.93	7.23	6.59	7.54	6.54	6.97	6.87	6.73
Mortgage Rate (%)	8.84	7.85	7.47	8.61	7.60	8.22	8.22	8.05

TABLE 1.2

Fiscal Years

Washington Economic Forecast Summary
 Forecast 1997 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Real Income (Billions of 1992 Chained Dollars)								
Real Personal Income	107.619	112.050	114.237	117.744	122.566	127.420	132.076	136.488
% Ch	3.1	4.1	2.0	3.1	4.1	4.0	3.7	3.3
Real Wage and Salary Disb.	61.099	63.338	63.647	65.264	68.161	71.404	74.095	76.575
% Ch	3.6	3.7	0.5	2.5	4.4	4.8	3.8	3.3
Real Nonwage Income	46.520	48.712	50.591	52.480	54.404	56.016	57.982	59.913
% Ch	2.5	4.7	3.9	3.7	3.7	3.0	3.5	3.3
Real Per Capita Income (\$/Person)	21,090	21,452	21,462	21,734	22,259	22,766	23,166	23,438
% Ch	0.7	1.7	0.0	1.3	2.4	2.3	1.8	1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	0.984	1.014	1.038	1.065	1.087	1.112	1.140	1.170
% Ch	3.5	3.0	2.3	2.6	2.1	2.3	2.5	2.7
Seattle Cons. Price Index (1982-84= 1.0)	1.365	1.411	1.452	1.502	1.545	1.590	1.638	1.691
% Ch	4.0	3.3	2.9	3.5	2.8	2.9	3.0	3.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	13.58	13.91	14.07	14.69	14.55	14.78	15.09	15.43
% Ch	3.8	2.4	1.2	4.4	-1.0	1.6	2.1	2.2
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	105.134	112.654	117.592	124.792	132.323	140.777	149.663	158.815
% Ch	6.6	7.2	4.4	6.1	6.0	6.4	6.3	6.1
Personal Income	105.934	113.651	118.555	125.348	133.177	141.696	150.533	159.711
% Ch	6.7	7.3	4.3	5.7	6.2	6.4	6.2	6.1
Disposable Personal Income	92.791	99.503	103.446	109.273	115.662	122.879	131.138	139.151
% Ch	7.2	7.2	4.0	5.6	5.8	6.2	6.7	6.1
Per Capita Income (\$/Person)	20,759	21,757	22,272	23,137	24,185	25,316	26,403	27,425
% Ch	4.2	4.8	2.4	3.9	4.5	4.7	4.3	3.9
Employment (Thousands)								
Washington Civilian Labor Force	2583.9	2686.4	2701.2	2754.5	2836.1	2886.5	2949.7	3029.8
Total Washington Employment	2401.8	2474.7	2511.6	2582.1	2658.2	2718.8	2784.4	2862.7
Unemployment Rate (%)	7.04	7.88	7.02	6.26	6.27	5.81	5.61	5.51
Wage and Salary Employment	2201.4	2235.8	2275.1	2331.2	2363.9	2437.8	2506.6	2581.1
% Ch	1.9	1.6	1.8	2.5	1.4	3.1	2.8	3.0
Manufacturing	349.9	344.4	337.1	338.1	331.5	355.4	369.3	376.7
% Ch	-2.8	-1.6	-2.1	0.3	-2.0	7.2	3.9	2.0
Durable Manufacturing	249.1	242.0	232.3	230.8	222.5	243.0	254.7	259.8
% Ch	-2.6	-2.9	-4.0	-0.7	-3.6	9.2	4.8	2.0
Aerospace	114.8	107.8	96.3	89.4	77.0	93.9	103.5	106.1
% Ch	-0.4	-6.1	-10.7	-7.3	-13.8	22.0	10.3	2.5
Nondurable Manufacturing	100.8	102.5	104.8	107.3	109.0	112.4	114.6	116.9
% Ch	-3.4	1.6	2.2	2.5	1.5	3.1	2.0	2.0
Nonmanufacturing	1851.5	1891.3	1938.0	1993.1	2032.5	2082.4	2137.4	2204.4
% Ch	2.8	2.2	2.5	2.8	2.0	2.5	2.6	3.1
Construction	118.7	118.5	121.9	122.6	121.7	124.2	125.4	127.5
% Ch	0.4	-0.1	2.9	0.6	-0.8	2.1	0.9	1.7
Services	546.7	568.2	585.9	609.9	633.8	662.7	688.0	716.6
% Ch	5.1	3.9	3.1	4.1	3.9	4.6	3.8	4.2
Housing Indicators								
Housing Units Authorized (Thousands)	36.941	38.245	44.523	41.584	40.931	41.428	44.209	46.649
% Ch	0.2	3.5	16.4	-6.6	-1.6	1.2	6.7	5.5
Mortgage Rate (%)	8.84	7.85	7.47	8.61	7.60	8.22	8.22	8.05

TABLE 1.3

Comparison of Alternative Forecasts

	Fiscal Year 1997				Fiscal Year 1998				Fiscal Year 1999			
	O	B	P	G	O	B	P	G	O	B	P	G
U.S.												
Real GDP	6997.8	6989.3	6929.9	6989.6	7224.9	7151.5	6990.9	7144.3	7453.7	7311.8	7253.9	7293.4
%Ch	2.7	2.5	1.7	2.5	3.2	2.3	0.9	2.2	3.2	2.2	3.8	2.1
Implicit Price Deflator	1.112	1.112	1.114	1.112	1.140	1.140	1.138	1.142	1.172	1.170	1.164	1.173
%Ch	2.3	2.3	2.6	2.4	2.5	2.5	2.1	2.7	2.8	2.7	2.3	2.8
Mortgage Rate	8.20	8.22	8.76	8.07	8.10	8.22	8.64	8.12	7.95	8.05	8.37	8.10
3 Month T-Bill Rate	5.27	5.29	5.99	5.07	5.44	5.49	5.52	5.37	5.47	5.29	5.24	5.28
Washington												
Real Personal Income	128.881	127.420	125.617	127.449	135.645	132.076	127.445	131.912	142.236	136.488	131.612	135.980
%Ch	5.2	4.0	2.5	4.0	5.2	3.7	1.5	3.5	4.9	3.3	3.3	3.1
Personal Income	143.329	141.696	139.968	141.762	154.641	150.533	145.017	150.616	166.740	159.711	153.216	159.574
%Ch	7.6	6.4	5.1	6.4	7.9	6.2	3.6	6.2	7.8	6.1	5.7	5.9
Employment	2444.5	2437.8	2425.5	2438.5	2536.9	2506.6	2453.7	2507.6	2637.7	2581.1	2526.1	2577.8
%Ch	3.4	3.1	2.6	3.2	3.8	2.8	1.2	2.8	4.0	3.0	3.0	2.8
Housing Permits	42.688	41.428	36.062	42.247	49.382	44.209	37.064	44.333	53.116	46.649	41.708	45.167
%Ch	4.3	1.2	-11.9	3.2	15.7	6.7	2.8	4.9	7.6	5.5	12.5	1.9

(O) Optimistic; (B) Baseline; (P) Pessimistic; (G) Governor's Council of Economic Advisors

TABLE 1.4

Forecast Analysis

Comparison of Forecasts for 1995-97

Forecast Date	1994				1995				1996				1997	
	Feb.	June	Sept.	Nov.	Mar.	June	Sept.	Nov.	Feb.	June	Sept.	Nov.	Mar.	June
U.S.														
Percent Growth, 95:2-97:2														
Real GDP *	5.4	4.9	5.7	5.4	4.9	5.2	4.9	5.1	5.1	4.0	4.5	4.9		
Implicit Price Deflator *	6.4	6.9	6.3	6.1	6.1	5.5	5.4	4.8	4.2	4.7	4.5	4.4		
Average Rate, 95:2 to 97:2														
3 Month T-Bill Rate	3.27	3.43	4.35	4.56	5.10	5.14	4.82	5.00	4.86	5.16	5.21	5.22		
Mortgage Rate	7.38	7.61	8.05	8.21	8.36	7.98	7.58	7.57	7.06	7.98	7.92	7.91		
Washington														
Percent Growth, 95:2-97:2														
Employment	5.4	5.1	5.8	6.0	4.4	3.8	4.7	5.6	4.7	4.7	5.0	5.0		
Personal Income	12.2	12.6	13.7	13.8	11.4	10.9	11.1	11.4	10.5	10.9	11.5	12.8		
Real Personal Income *	5.5	5.3	7.0	7.2	4.9	5.1	5.4	6.3	6.0	5.9	6.7	8.1		
Total, 95:2-97:2														
Housing Units Authorized	63.3	65.6	62.9	75.3	74.4	71.8	75.7	74.7	78.6	81.5	81.9	82.4		

* Beginning in June 1996, the forecast reflects the 1996 comprehensive revision of the national income and product accounts which introduced a "chain weight" method of calculating real GDP and its components. Based on the June 1996 forecast, the change in methodology reduces real GDP growth by 1.6 percent, increases implicit price deflator growth by 1.4 percent, and reduces Washington real personal income growth by 1.4 percent from the second quarter of 1995 to the second quarter of 1997.

TABLE 1.5

Fiscal Years

Forecast Comparison

	1997	1998	1999
U.S.			
Real GDP			
November Baseline	6989.3	7151.5	7311.8
% Ch	2.5	2.3	2.2
September Baseline	6978.1	7114.9	7274.1
% Ch	2.4	2.0	2.2
Implicit Price Deflator			
November Baseline	1.112	1.140	1.170
% Ch	2.3	2.5	2.7
September Baseline	1.112	1.142	1.173
% Ch	2.4	2.6	2.7
U.S. Unemployment Rate			
November Baseline	5.30	5.42	5.45
September Baseline	5.37	5.56	5.62
Mortgage Rate			
November Baseline	8.22	8.22	8.05
September Baseline	8.23	8.25	8.07
3 Month T-Bill Rate			
November Baseline	5.29	5.49	5.29
September Baseline	5.28	5.41	5.22
Washington			
Real Personal Income			
November Baseline	127.420	132.076	136.488
% Ch	4.0	3.7	3.3
September Baseline	125.509	129.453	133.513
% Ch	3.2	3.1	3.1
Personal Income			
November Baseline	141.696	150.533	159.711
% Ch	6.4	6.2	6.1
September Baseline	139.621	147.800	156.580
% Ch	5.7	5.9	5.9
Employment			
November Baseline	2437.8	2506.6	2581.1
% Ch	3.1	2.8	3.0
September Baseline	2440.0	2503.2	2573.3
% Ch	3.1	2.6	2.8
Housing Permits			
November Baseline	41.428	44.209	46.649
% Ch	1.2	6.7	5.5
September Baseline	40.971	42.511	45.512
% Ch	0.1	3.8	7.1

TABLE 1.6
Long Range Economic Outlook
Forecast 1996 to 2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S.*											
Real GDP, % Ch	2.4	2.3	2.5	2.1	2.0	1.6	1.6	1.9	2.1	2.2	2.1
Implicit Price Deflator, % Ch	2.1	2.5	2.6	2.7	3.0	3.1	3.2	3.3	3.3	3.4	3.5
3 Month T-Bill Rate	5.05	5.51	5.39	5.21	5.05	4.78	4.77	4.76	4.76	4.76	4.77
Mortgage Rate	7.91	8.28	8.15	7.95	7.84	7.68	7.77	7.83	7.84	7.83	7.82
State**											
Real Personal Income, % Ch	4.2	3.8	3.5	3.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Personal Income, % Ch	6.4	6.3	6.2	6.1	5.5	5.7	5.8	5.9	5.9	6.0	6.1
Employment, % Ch	2.3	3.0	3.0	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0

* November 1996 Baseline (1996-1999) extended with the DRI October 1996 Trendlong Forecast.

** November 1996 Baseline (1996-1999) judgementally extended through 2006.

Comparison of Washington and U.S. Economic Forecasts

CHART 1.1

Total Nonagricultural Employment

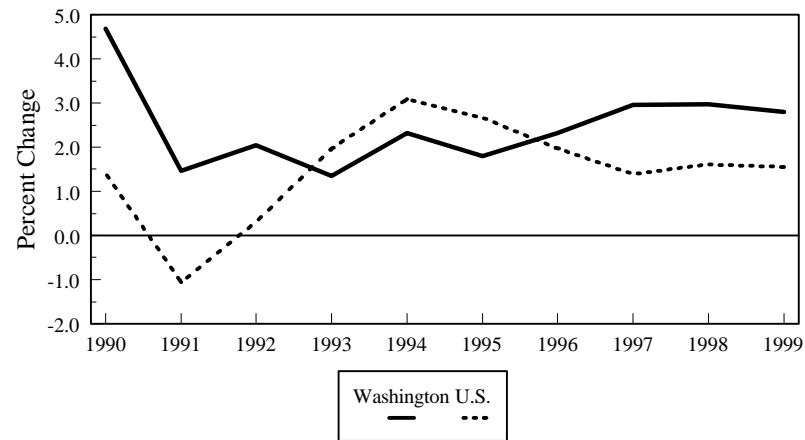


CHART 1.2

Manufacturing Employment

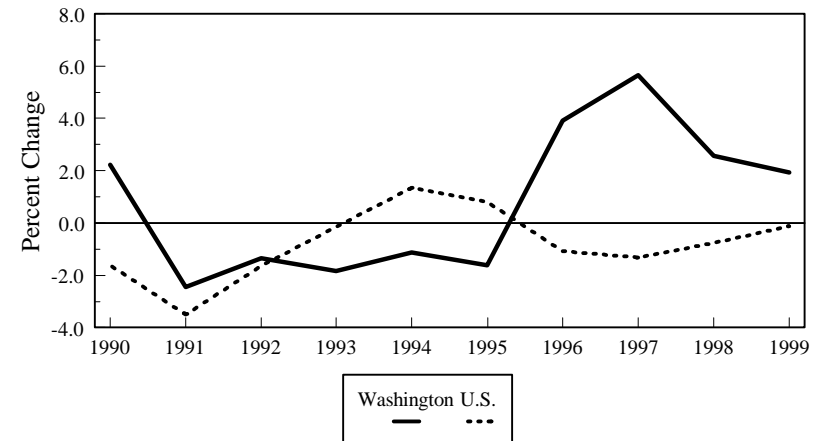


CHART 1.3

Aerospace Employment

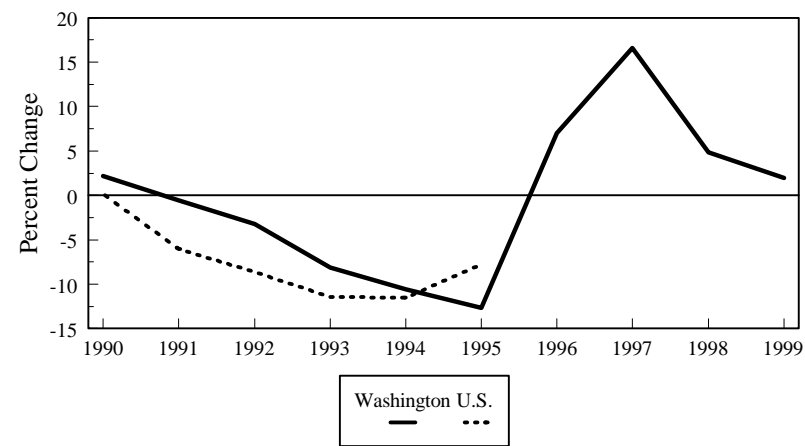
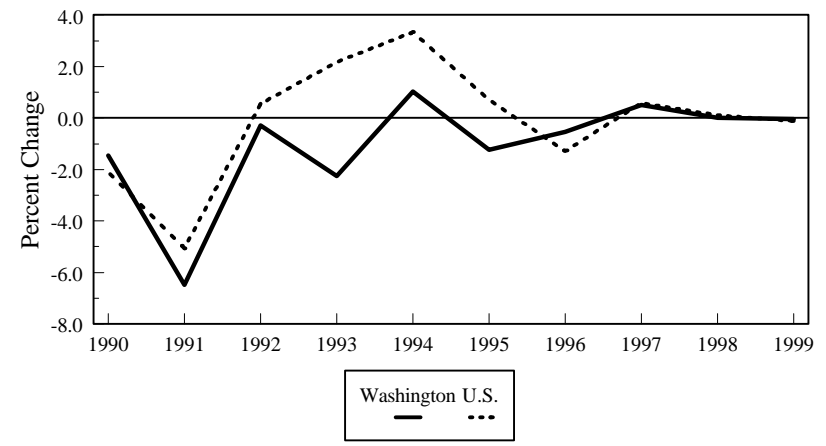


CHART 1.4

Forest Products Employment



Comparison of Washington and U.S. Economic Forecasts

CHART 1.5
Construction Employment

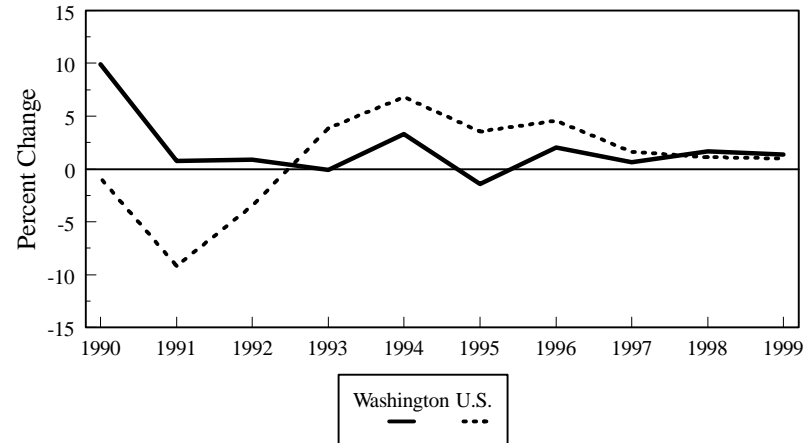


CHART 1.6
Trade Employment

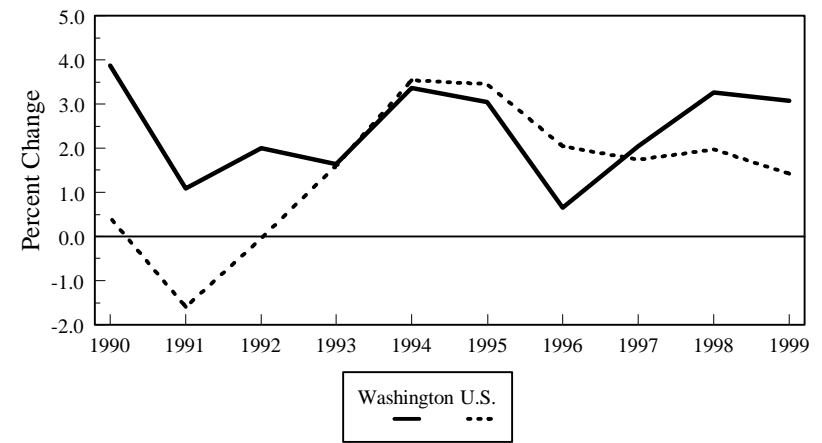


CHART 1.7
Services Employment

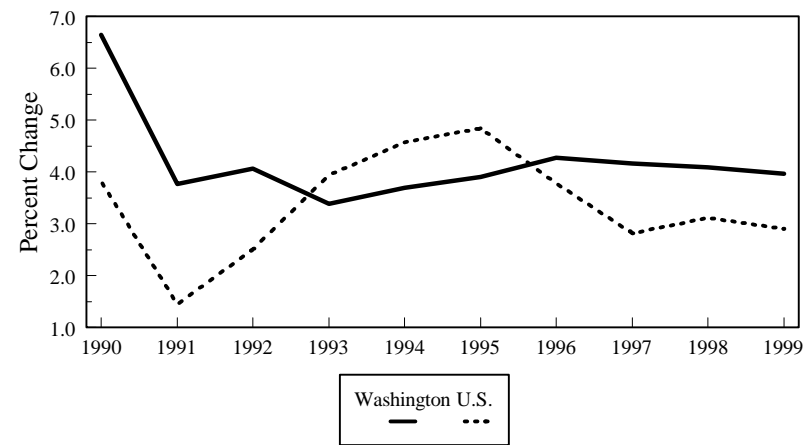
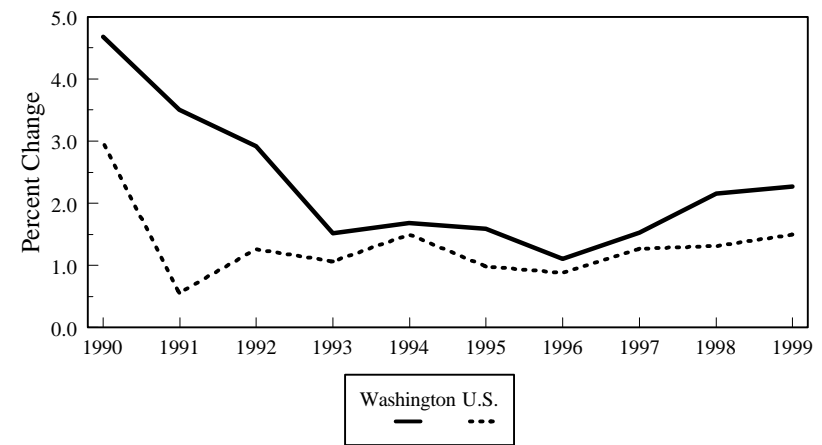


CHART 1.8
Government Employment



Comparison of Washington and U.S. Economic Forecasts

CHART 1.9

Real Personal Income

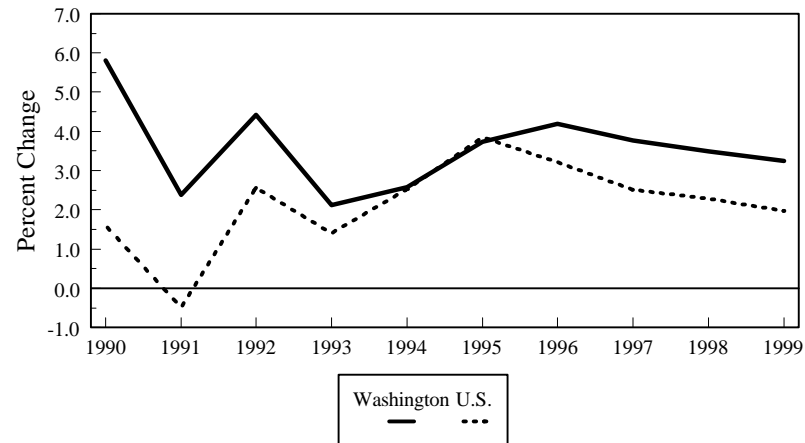


CHART 1.10

Consumer Price Indices

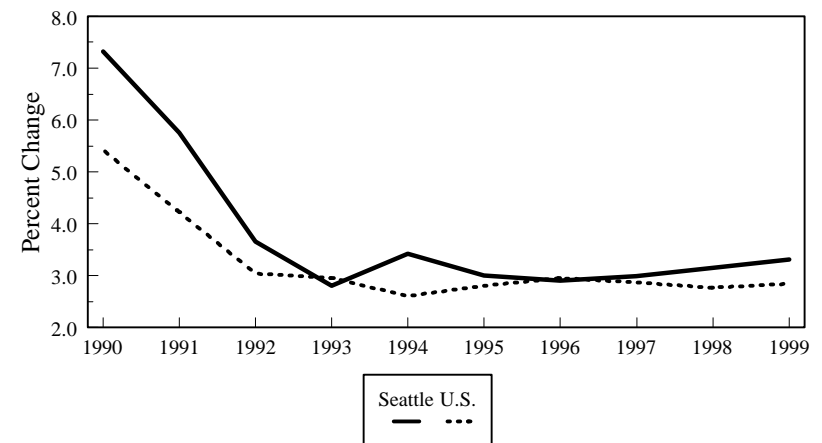


CHART 1.11

Population

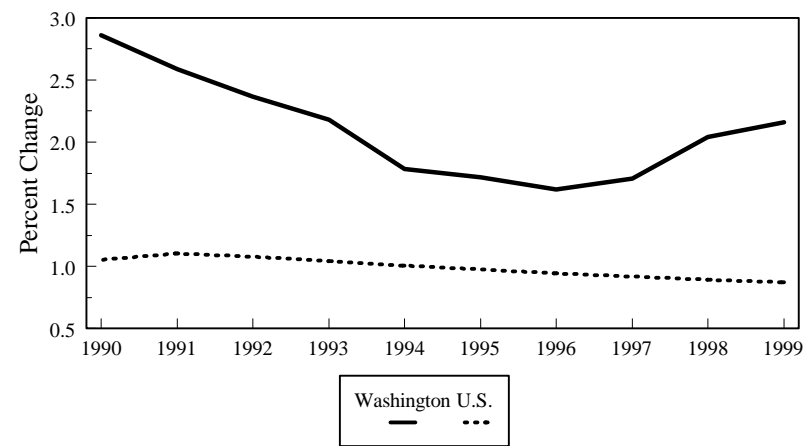
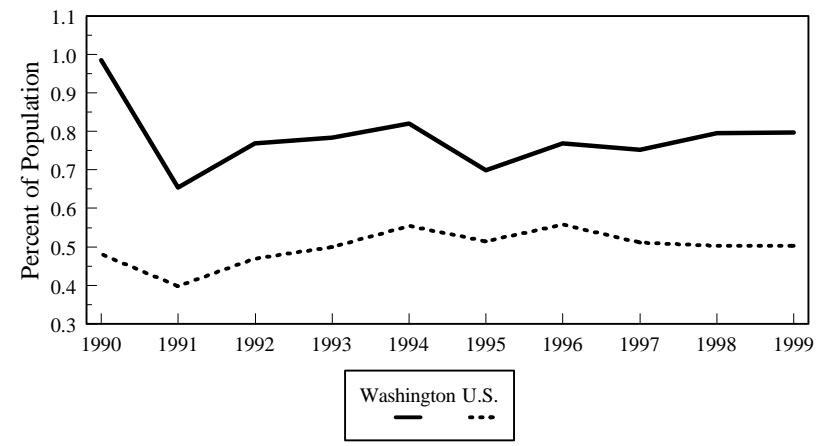


CHART 1.12

Per Capita Housing Units



Comparison of Alternative U.S. Forecasts

CHART 1.13

Real GDP

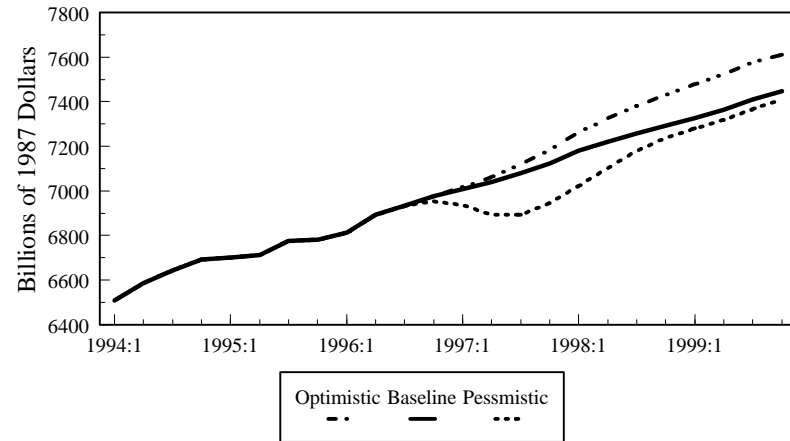


CHART 1.14

Implicit Price Deflator

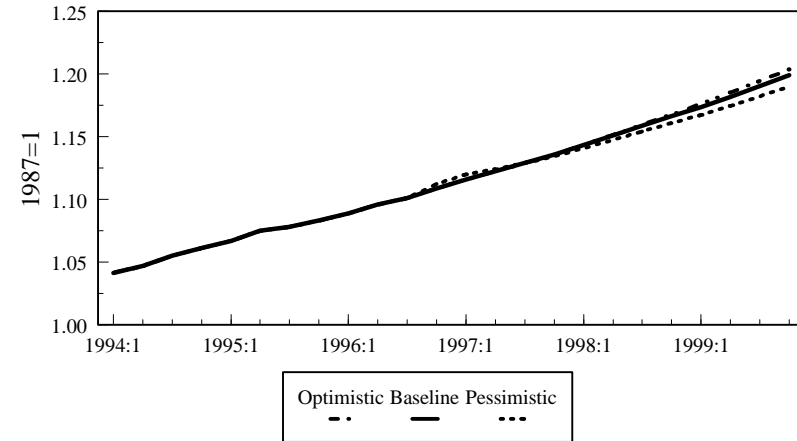


CHART 1.15

Mortgage Rate

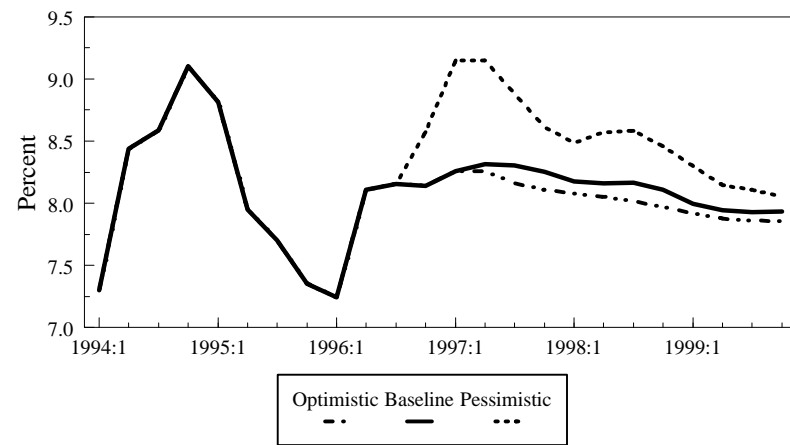
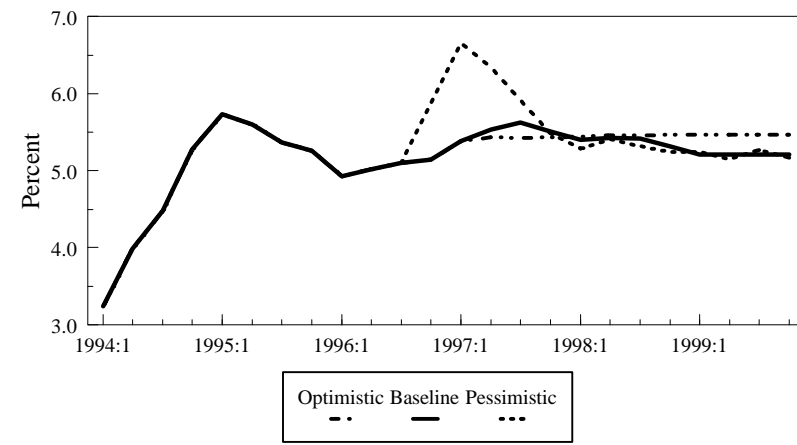


CHART 1.16

Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

CHART 1.17

Personal Income

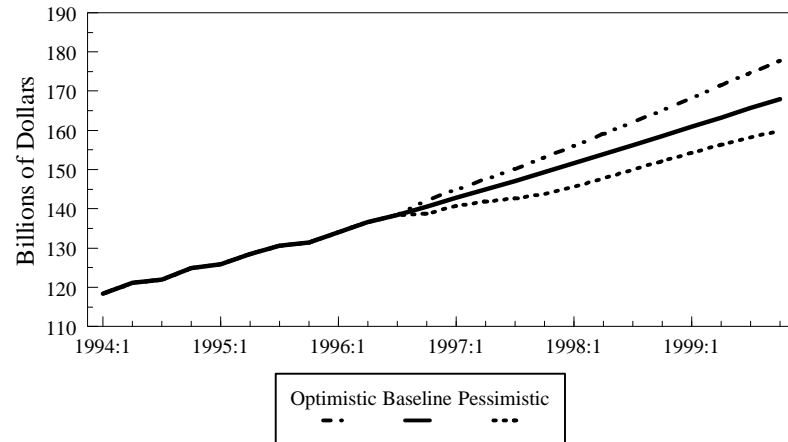


CHART 1.18

Real Personal Income

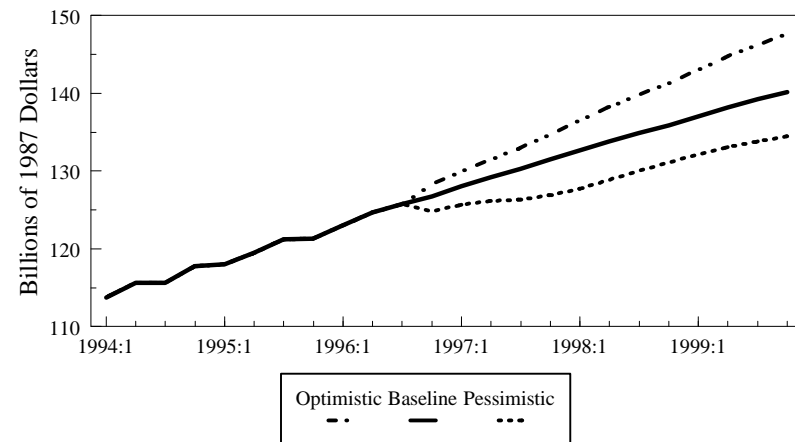


CHART 1.19

Nonagricultural Employment

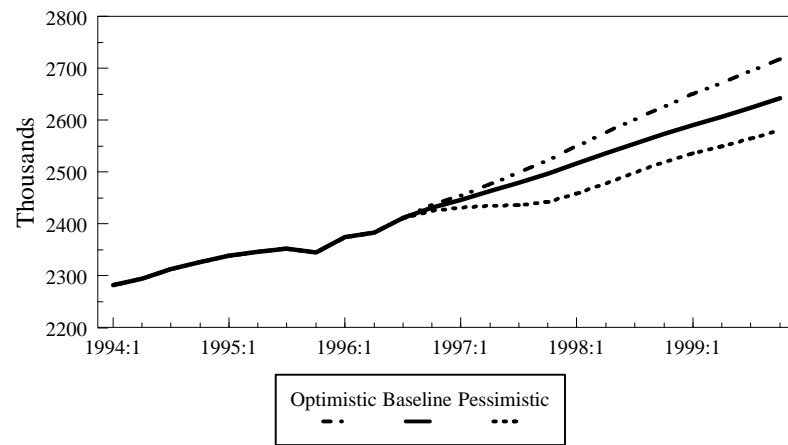
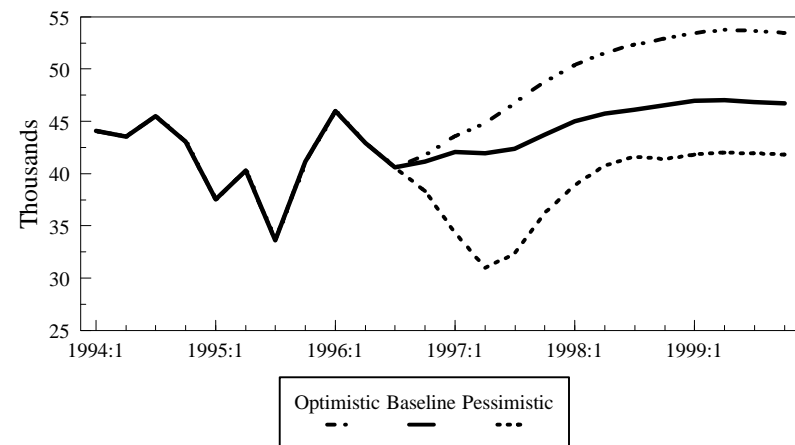


CHART 1.20

Housing Permits



Washington Business Indicators

The data are not all in, but 1996 will likely be remembered as a year in which the planets were all aligned, and the lucky stars shined bright. At the national level growth was above average, and unemployment below average, inflation remained in check, the Dow Jones Index soared to record highs, the deficit shrank to its lowest level in 15 years, and consumer confidence neared a ten year high. At the state level, led by the two Puget Sound giants, Boeing and Microsoft, and by newcomer Intel, job growth rose to a strong 4 percent in November, in-migration accelerated, and the real estate market began to heat up.

To cap things off, Americans discovered that their living standards had improved a lot more than just about anyone had previously thought. In December, a blue ribbon advisory commission appointed by the Senate Finance Committee to study the Consumer Price Index (CPI) concluded that the CPI was overestimating inflation by about 1.1 percent a year, meaning the government has been underestimating improvements in living standards by an equal amount. One percent compounded over 25 years adds up to nearly 30 percent. To paraphrase Ronald Reagan, are we better off than our forefathers were 25 years ago? For the average American, the answer is a loud Yes.

The prognosis for the coming year is for a repeat of 1996. Moderate growth with no acceleration of inflation at the national level. Above average growth, led by Puget Sound—Boeing-Intel and Microsoft—at the state level.

National News

As the year ends, the U.S. economy is enjoying the best of all possible worlds—full employment, moderate growth and no signs of accelerating in-

flation. December's unemployment rate was a seasonally adjusted 5.3 percent (Chart 2.3), the 28th straight month it has been below 6 percent. Two and a half years ago the consensus among economists was that unemployment below 6 percent would lead to accelerating inflation. Economists have had to acquiesce to facts and revise this firmly held rule of thumb. The noninflationary rate of unemployment (NAIRU) is now thought to be 5.8 percent if not less. CPI inflation ends the year running about 3.2 percent (Chart 2.14). The core inflation rate (excluding food and energy) ends at 2.6 percent, its lowest value in 30 years. The Producer Price Index ends at 2.8 percent. The 1996 tradeoff between unemployment and inflation is currently more favorable than in any time since the mid-1960's.

Third quarter GDP came in at 2.1 percent (Chart 2.13). While below the second quarter's 4.7 percent, it was, nonetheless satisfactory. The U.S. economy is currently in the 69 month of the third longest U.S. post-war expansion. The 1961-1969 expansion lasted 106 months and the 1982-1990 expansion lasted 92 months. The current expansion is expected to continue for at least the next 12 months.

Long term interest rates are also ending the year on a good note. After rising 1.5 percentage points the first six months of the year, real mortgage rates fell from a high 8.2 percent in June to 7.6 percent in December.

State News

A rule of thumb is that when aerospace is expanding, Washington will rank in the top ten in creating jobs (as it did in 1988-1990) and when aerospace is contracting, Washington will rank in the bottom ten (as it did in 1993-1995). Currently aerospace is expanding, and, although it

accounts for 3 percent of state employment, down from 9 percent in 1972, this rule still holds. In November Washington's annualized growth rate was 4 percent, 6th highest among the states (Chart 2.1). With aerospace continuing to expand (Chart 2.2), Washington's should rank high through 1997.

The state index of leading indicators rose 1 percent in November (Chart 2.5). Six of the index's seven components improved. The biggest improvement was a 12.1 percent increase in help-wanted adds (Chart 2.7). Next best was a 2.6 percent increase in aerospace employment. Four other components rose modestly. The exchange rate depreciated .8 percent, average weekly hours rose .1 percent (Chart 2.9), housing starts rose .01 percent (Chart 2.8), and the U.S. index of leading indicators rose .1 percent (Chart 2.15). Initial claims for unemployment insurance, the only component deteriorating, rose 5.3 percent (Chart 2.6).

Hardly a week went by in 1996 without a major announcement from Boeing—new orders—plans to merge—canceled plans to merge—plans to merge again—new hiring, more new orders, and so on. The biggest news was the Boeing-McDonnell Douglas Merger—This merger will make Boeing the largest aerospace company in the world. It is unclear, however, what impact this will have on state employment since bodies will shift between Boeing and McDonnell Douglas plants.

Intel opened its Dupont plant in July and currently employs 1,300 with plans to expand employment to 6,000 in the next five years. The plant will specialize in computer systems manufacturing and research and development.

Fortune Magazine (November 16) crowned Seattle the top U.S. city to do business. This was not a fluke. The Places Rated Almanac, one of the better known "ranking" organizations rated Seattle the second best city to live (based on the cost

of living, crime, weather, higher education, job outlook, transportation, the arts, recreation and health care), and earlier in the year Money Magazine rated Seattle 9th best places to live (out of 300 cities).

The evidence on the real estate market is mainly anecdotal, and indicates that things are heating up in King County. According to the Federal Reserve's December Beige Book, housing sales and prices are reportedly picking up in Washington owing to strengthening economic conditions, population inflows, and increasingly binding constraints on the availability of land.

According to a database maintained by the Department of Licensing on out-of-state residents registering for Washington driver's licenses, immigration is beginning to accelerate (Chart 2.10). The data point to accelerating immigration into all metropolitan areas in the state, including the Tri-cities, but mainly into Puget Sound. The new wave, however, pales compared to that of 1986-1989.

The news on Washington's economy was not all good. Ernst and the Incredible Universe are going out of business. The long run impact of this will not be large since their markets will be taken over by their competitors. And the Tri-Cities continued to lag the state, although there is evidence that their economy is bottoming out. (There may be further layoffs at Hanford, but nothing major).

In sum, the state is experiencing a mini-boom. This expansion, however, hardly matches the 1987 -1991 expansion when the economy grew for sustained periods over 4 percent, and during some periods nearly 6 percent.

Key Economic Indicators

CHART 2.1

Annual Employment Growth in Washington and in the US.

January 1980 to November 1996

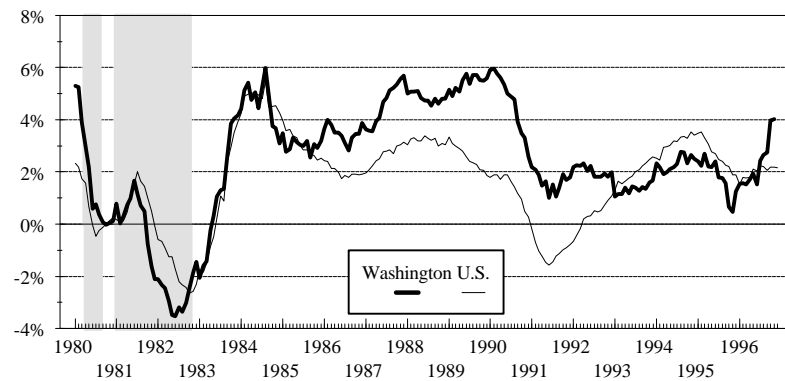


CHART 2.2

Aerospace Employment

January 1959 to November 1996

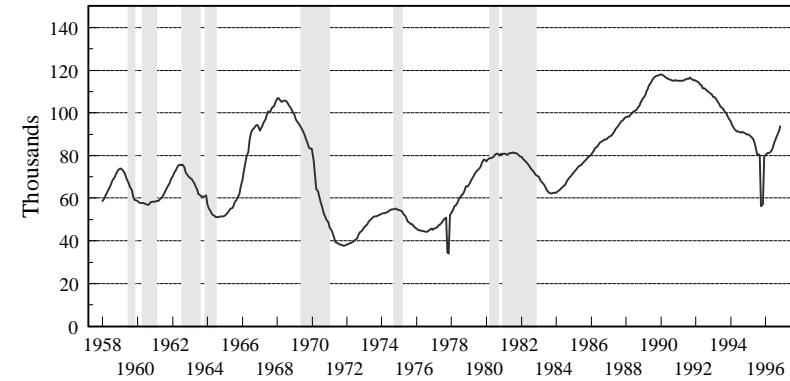


CHART 2.3

Unemployment Rate

Seasonally Adjusted, January 1980 to November 1996

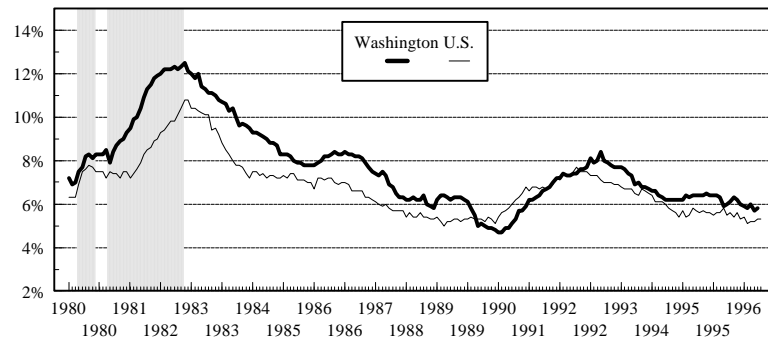
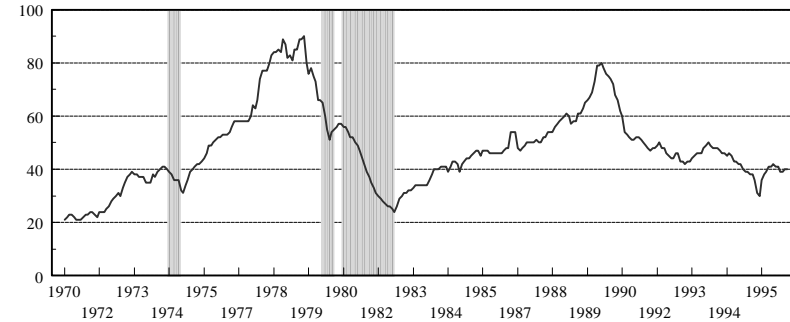


CHART 2.4

The Washington Boom Monitor

January 1971 to November 1996



Shaded areas correspond to Washington State employment downturns.

Washington State Leading Indicators

CHART 2.5

The Washington and U.S. Indexes of Leading Indicators

January 1969 to November 1996

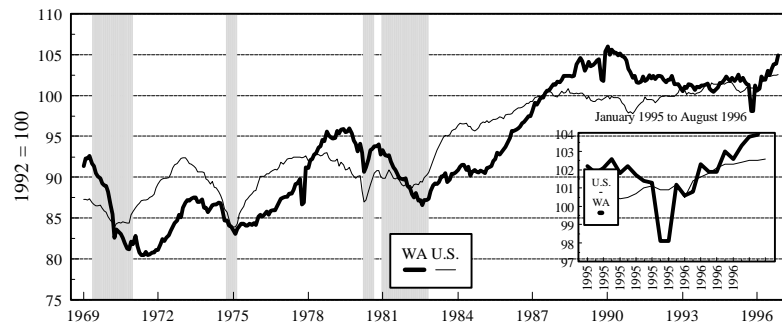


CHART 2.6

Initial Claims for State Unemployment Insurance

January 1969 to Nov. 1996, (Seasonally Adjusted)

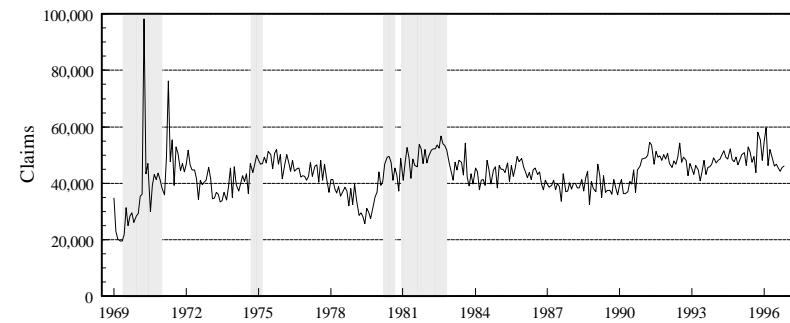
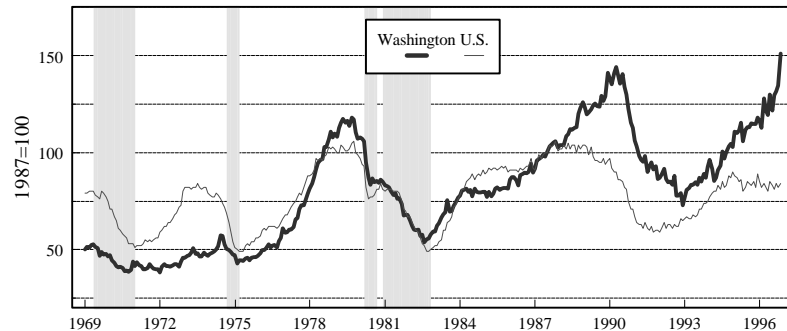


CHART 2.7

Seattle Times and U.S. Help-Wanted Indexes

January 1969 to November 1996

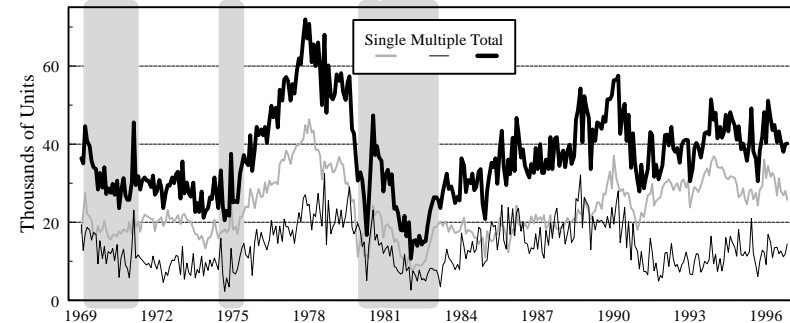


Shaded areas correspond to Washington State employment downturns.

CHART 2.8

Housing Units Authorized in Washington State

January 1969 to November 1996, (Smoothed, at Annual Rates)



Other State Economic Indicators

CHART 2.9

Average Weekly Hours in Manufacturing

March 1969 to November 1996, (3-Month Moving Average)

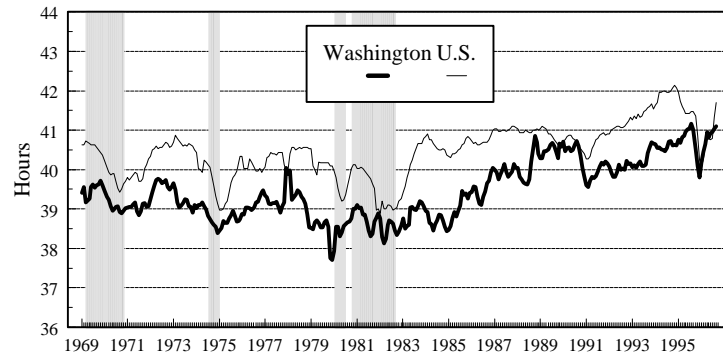


CHART 2.10

Out-of-State Drivers Moving into Washington

July 1983 to December 1996, 12-Month Moving Average

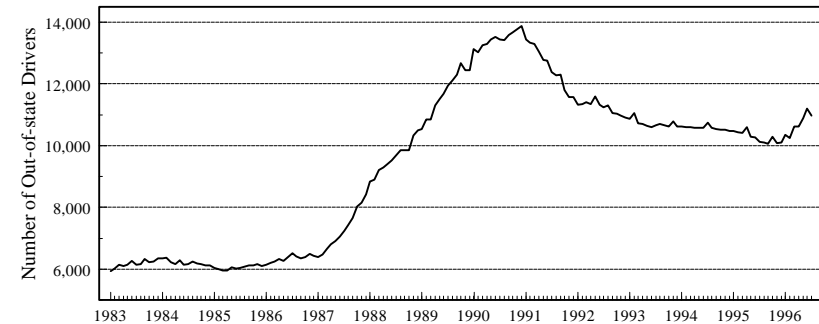


CHART 2.11

New Car and Truck Sales in Washington

June 1975 to November 1996 (6-Month Moving Average, Seasonally Adjusted)

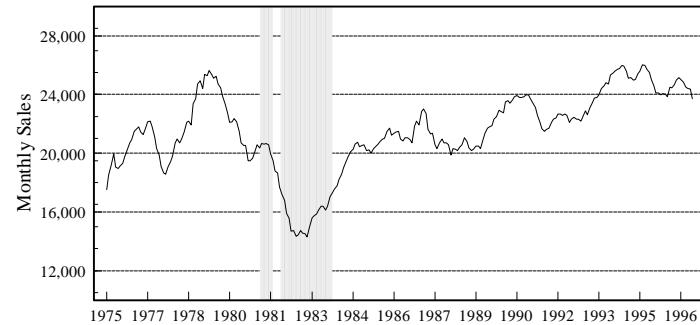
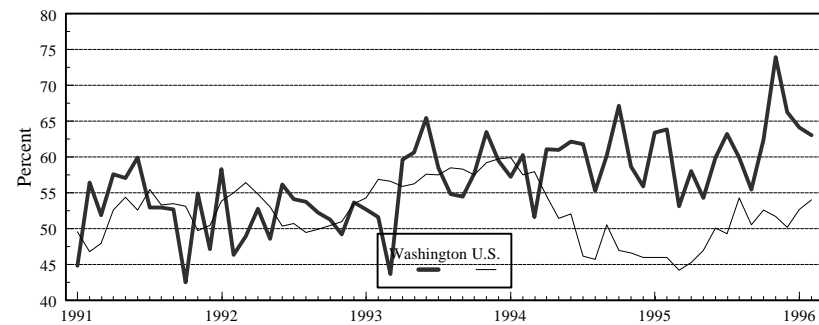


CHART 2.12

Purchasing Management Composite Index

November 1991 to December 1996



Shaded areas correspond to Washington State Employment downturns.

Other Economic Indicators

CHART 2.13

Quarterly U.S. GDP Growth (Chain-weighted)

1979-I to 1996-III

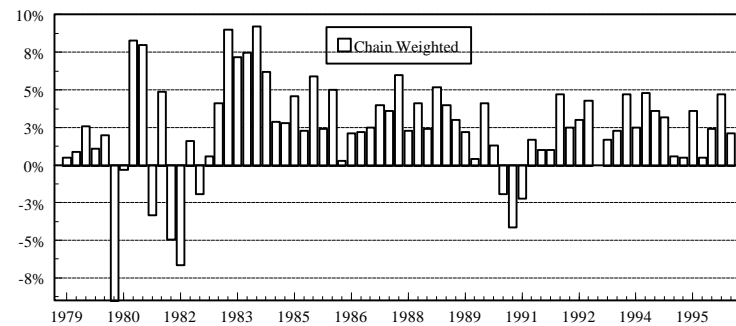


CHART 2.14

Inflation (Consumer and Producer Price Index)

January 1973 - November 1996

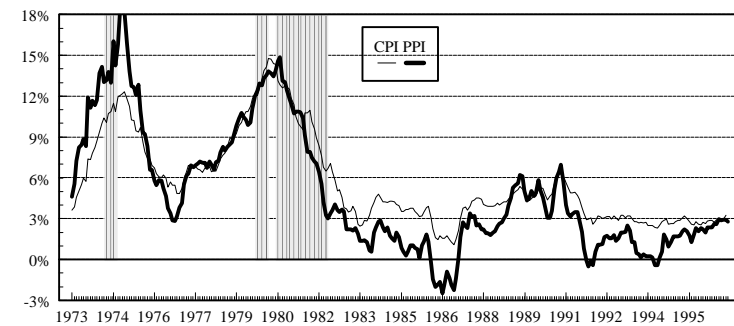
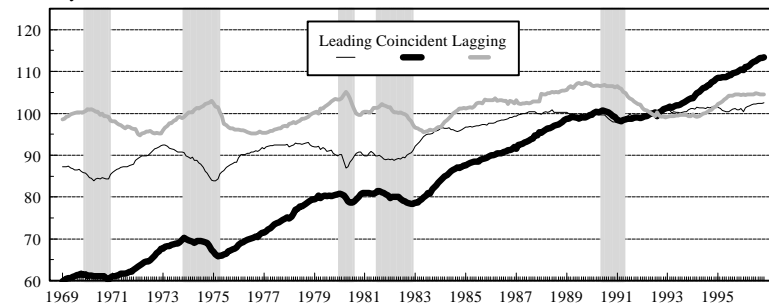


CHART 2.15

U.S. Economic Indicators

January 1969 to November 1996, 1992=100



Shaded areas correspond to U.S. recessions.

CHART 2.16

Employment Growth in Metropolitan Areas of Washington

October 1995 - October 1996

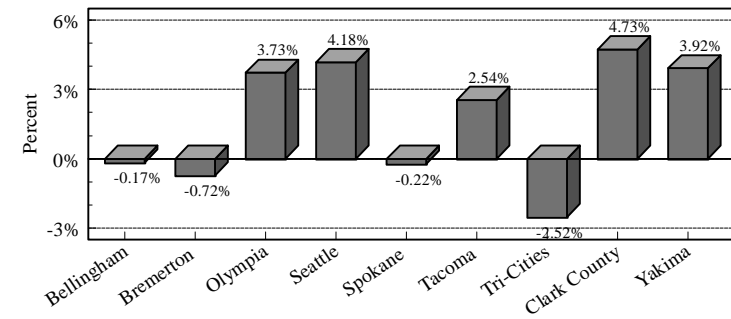


TABLE 2.1

Washington Business Indicators
 Historical Data

	WA Index of Leading Indicators	U.S. Index of Leading Indicators	Seattle Index of Help-Wanted Advertising	U.S. Index of Help-Wanted Advertising	WA Purchasing Management Index	U.S. Purchasing Management Index
1994:1	101.5	101.2	96.1	77	43.6	56.6
1994:2	100.8	101.0	91.7	79	59.7	55.9
1994:3	100.6	101.5	85.6	80	60.6	56.2
1994:4	100.4	101.4	87.0	80	65.5	57.6
1994:5	100.8	101.4	91.1	83	58.5	57.5
1994:6	101.0	101.4	93.4	81	54.8	58.5
1994:7	101.5	101.2	100.5	85	54.5	58.3
1994:8	101.5	101.5	97.0	82	57.7	57.5
1994:9	101.9	101.4	100.3	83	63.5	59.2
1994:10	102.3	101.5	103.4	88	59.5	59.7
1994:11	102.0	101.6	104.5	87	57.2	59.9
1994:12	101.8	101.6	102.7	90	60.3	57.5
1995:1	102.2	101.5	110.9	88	51.6	57.9
1995:2	101.8	101.1	110.0	87	61.1	54.5
1995:3	102.1	100.7	111.3	85	61.0	51.4
1995:4	102.6	100.6	115.3	86	62.2	52.0
1995:5	101.8	100.4	105.7	80	61.8	46.1
1995:6	102.2	100.5	111.7	82	55.3	45.7
1995:7	101.7	100.7	112.9	85	60.1	50.5
1995:8	101.4	101.0	112.9	84	67.2	46.9
1995:9	101.3	101.1	115.2	83	58.7	46.6
1995:10	98.1	100.9	114.9	85	55.9	46.0
1995:11	98.1	100.9	114.7	82	63.4	46.0
1995:12	101.2	101.2	118.0	89	63.9	46.0
1996:1	100.6	100.5	116.5	85	53.1	44.2
1996:2	100.9	101.4	112.8	82	58.0	45.2
1996:3	102.3	101.6	128.1	84	54.3	46.9
1996:4	101.9	101.8	121.7	82	59.9	50.1
1996:5	101.9	102.1	119.5	80	63.2	49.3
1996:6	102.9	102.3	130.1	85	59.9	54.3
1996:7	102.6	102.3	121.8	83	55.4	50.5
1996:8	103.3	102.4	129.4	81	62.5	52.6
1996:9	103.8	102.5	131.7	84	73.9	51.7
1996:10	103.9	102.5	134.5	82	66.3	50.2
1996:11	104.9	102.6	150.9	NA	64.1	52.7
1996:12	NA	NA	NA	NA	63.0	54.0

Washington State Revenue Forecast Summary

The Economic and Revenue Forecast Council approved a \$253.9 million increase to the General Fund-State revenue forecast for the 1995-97 and 1997-99 biennia on November 19, 1996. The forecast for the 1995-97 biennium which ends June 30, 1997 was increased \$66.2 million while the forecast for the 1997-99 biennium was raised \$187.6 million. Stronger than expected revenue since the September forecast and continued improvement in the state's employment outlook, especially in the high wage aerospace sector, led to the increase to the General Fund-State forecast in November. The improvement to the state's employment outlook was, as was the case last quarter, the primary source for the modest increase in the revenue forecast. There was only a slight improvement in the national outlook since September. Real GDP growth as well as inflation are expected to be only a little stronger than expected in September. The employment outlook nationally was actually down a little from September. Although economic and revenue growth in Washington is poised to accelerate in late 1996 and 1997 due to the rapid pace of hiring in aerospace, this is not the case nationally. In fact, U.S. third quarter real GDP growth is expected to be less than half of the strong 4.7 percent pace in the second quarter. A slower U.S. economy

will temper the more robust growth expected in the state. The November 1996 forecast continues to assume that the state's economy and revenue will continue on a moderate growth, low inflation course through the end of fiscal 1999.

The improvement to the revenue forecast, combined with end of the year adjustments to the General Fund balance and reserves, increases the projected ending fund balance for the 1995-97 biennium to \$602.3 million. This is based on the post 1996 legislative session appropriation level of \$17.6 billion adjusted for fiscal 1996 reversions and the November 1996 forecast. The November 1996 General Fund-State forecast of \$17,590.7 remains below the current estimate of the Initiative 601 spending limit of \$17,738.8 million. The November forecast for the 1997-99 biennium totals \$19,433.7 million. This is \$376.8 million above the Office of Financial Management's current estimate of the Initiative 601 spending limit for the 1997-99 biennium of \$19,056.9 million.

Background and Assumptions

The Washington State General Fund-State forecast is prepared quarterly in conjunction with the

TABLE 3.1
Revision to the General Fund-State Forecast
November 1996
(Millions of Dollars)

November 1996 Revenue Forecast Revision

	1995-1997 Biennium	1997-1999 Biennium	Total
Non-Economic Changes	(\$3.7)	(\$13.3)	(\$17.0)
Forecast Change	<u>69.9</u>	<u>200.9</u>	<u>270.9</u>
Total Change*	\$66.2	\$187.6	\$253.9

* Detail may not add due to rounding.

state economic forecast for the Economic and Revenue Forecast Council. The Economic and Revenue Forecast Council was created by Chapter 138, Laws of 1984, to provide an objective revenue forecast for both executive and legislative branches of state government. The Council consists of six members, two appointed by the Governor and two appointed by the Legislature from each caucus of the Senate and House of Representatives. Current members of the Economic and Revenue Forecast Council are listed inside the front cover of this publication. The General Fund-State revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. Each state agency engaged in revenue collection is responsible for forecasting revenues it collects or administers. The staff of the Economic and Revenue Forecast Council is responsible for the preparation of the state economic forecast and the revenue forecast of the Department of Revenue's General Fund-State sources. The staff is also responsible for review and coordination of the revenue forecasts of agencies that collect relatively large amounts of General Fund-State revenue. These are the Department of Licensing, the Lottery Commission, the Insurance Commissioner's Office, the State Treasurer, the Liquor Control Board and the Office of Financial Management. The Office of Financial Management is responsible for summarizing the forecasts of all other state agencies which collect relatively smaller amounts of General Fund-State revenue as well as overseeing the tuition forecasts which are prepared by the various colleges and universities. For each quarterly update, the staff of the Economic and Revenue Forecast Council, under direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by Data Resources Incorporated (DRI). A state economic forecast is then prepared using an econometric model that links Washington's economy to the national economy. DRI's national forecast is the primary driver for the state economic forecast. After review by the Governor's Council of Eco-

nomics Advisors, the economic forecast is used to prepare a baseline forecast of General Fund-State revenue. Agencies and the staff of the Forecast Council use the economic forecast, in conjunction with revenue models, to prepare a General Fund-State revenue forecast. The revenue forecasts for most major General Fund sources are prepared using econometric models which link the tax base of major General Fund taxes to the national and state economic forecast. A baseline revenue forecast, along with at least two alternative forecasts, is prepared for all General Fund-State sources and presented to the Forecast Council for approval. Once a forecast is approved by the Council it becomes the official forecast of General Fund-State revenue. An outline of the forecast process, including a summary of the baseline forecast for the 1995-97 biennium (cash basis) approved by the Forecast Council on November 19, 1996, is shown in Table 3.2.

November 1996 Forecast Assumptions

1. The November 1996 forecast is based on current law and administrative practices.
2. The baseline revenue forecast for the 1995-97 and the 1997-99 biennia is based upon the economic forecast presented in Chapter 1 of this publication. The outlook for the state's economy and revenue is in part based on DRI's October 1996 control forecast for the U.S.
3. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these actions are in litigation and are either unresolved or are on appeal. Any impact on General Fund-State receipts or revenue will not be incorporated into the General Fund-State forecast until the issue has been fully resolved.

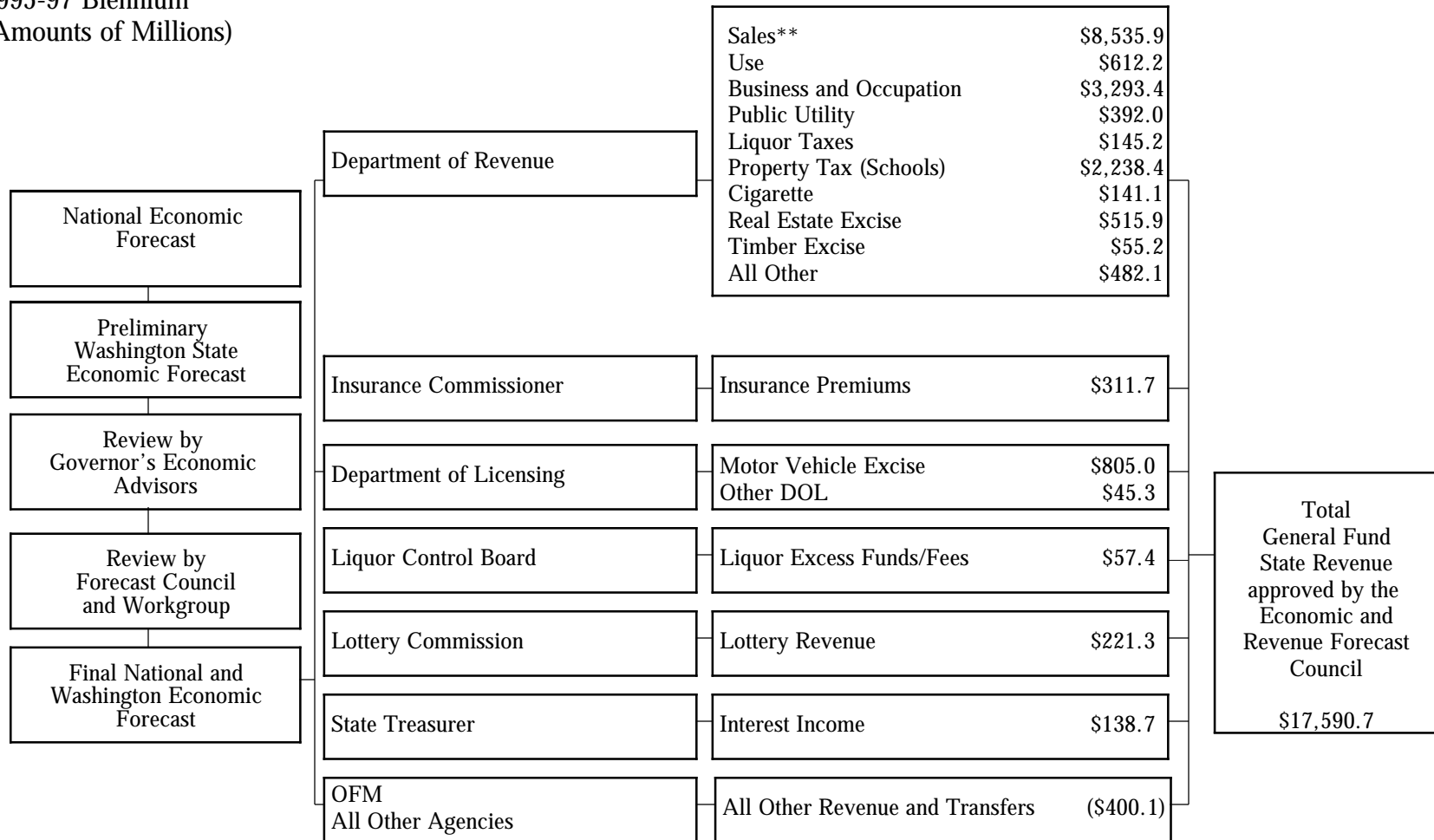
TABLE 3.2

Economic and Revenue Forecast Flow Chart*

General Fund-State

1995-97 Biennium

(Amounts of Millions)



* Cash Basis

** Rental car sales tax is included in the Department of Revenue "Other" category, for fiscal 1996 and in the motor vehicle excise tax total for fiscal 1997.

5. There are some non-economic assumptions affecting General Fund-State revenues embedded in the forecast for the 1995-97 biennium. Some of these are summarized below.

- Beginning July 1992, higher education tuition and fees are no longer part of the state General Fund. Instead, revenues from tuition and fees are placed in the operating funds of the individual colleges and universities. Because of this change, tuition and fees are included in only one year of the 1991-93 biennium General Fund-State revenue total and are excluded from the 1993-95, 1995-97, and 1997-99 biennial totals. The legislation enacting this change stipulates that the tuition and fee forecast is still to be reviewed by the Economic and Revenue Forecast Council. Pursuant to this, we have included the tuition forecast separately in Table 3.17.
- There have been several legislative and other non-economic changes which affected actual receipts for the 1991-93 and the 1993-95 biennia as well as the forecast for the 1995-97 and 1997-99 biennia. Actual General Fund-State receipts for the 1991-93 biennium include \$179 million due to legislation. The 1993-95 biennium total has been increased by a net \$330 million as a result of action by the Legislature. The forecast for the 1995-97 biennium has been reduced \$635 million due to legislation.

Recent Collection Experience

General Fund-State collections were \$ 26.7 million, 2.0 percent, above the forecast in the two months since the last forecast. More than half of the positive variance (\$14 million) however, was due to a large, unexpected estate tax payment. Excluding the estate tax variance, collections

were \$12.7 million (0.9 percent) above the estimate since the September forecast. Revenue Act taxes, the state's major excise taxes (retail sales, business and occupation, use, public utility, and tobacco products taxes), were \$9.7 million higher than expected. Other taxes collected by the Department of Revenue were \$14.6 million above expectations, primarily as noted above, due to a large estate tax payment. Lottery sales were close to expectations for the last two months, with transfers to the General Fund only \$0.2 million less than anticipated. Collections reported by the Department of Licensing, primarily motor vehicle excise tax receipts, were \$2.6 million above expectations during the past two months.

The relatively small collection variance in the September 11 through November 10 collection period (August and September business activity for major excise taxes) indicates the state's economy is behaving about as expected. Revenue growth is improving as the impact of job and income growth is beginning to translate into a faster pace of economic activity. Revenue Act collections in the last two months were 3.6 percent above a year ago. The rather modest increase includes the impact of tax law changes which reduced revenue, thus understating the underlying level of business activity. A variety of tax law changes including a reduction in B&O tax rates for some services and expansion of the sales and use tax exemption on equipment used by manufacturers, have resulted in lower tax payments during the past two months. In addition, a change in reporting by a major taxpayer has resulted in lower collections in this period. Adjusting for legislation and the reporting change, tax receipts were up 6.0 percent from a year-ago during the past two months. This is an improvement over the 4.1 percent second quarter increase, and close to the 6.1 percent increase experienced in the first quarter of 1996. Still, revenue growth remains subdued given the positive economic environment and relative to the high expectations for the state's economy due to

TABLE 3.3

Collection Variance

September 11 - November 10, 1996

Based on September 1996 Forecast

(Millions of Dollars)

Agency	Collection Variance	Percent of Estimate
Department of Revenue		
Revenue Act*	\$9.7	0.9%
Non Revenue Act**	<u>14.6</u>	<u>11.3%</u>
Subtotal	\$24.3	1.9%
Department of Licensing**	\$2.6	3.8%
Lottery**	(0.2)	(1.0)%
Total	\$26.7	2.0%

* Revenue Act taxes consist of retail sales, business and occupation, use, public utility, and tobacco products taxes as well as penalty and interest receipts. Variance based on collections September 11 - November 10, 1996.

** Variance based on collections from September 1996 and October 1996. Major Non Revenue Act taxes in this category include: state property tax levy, real estate excise tax and estate tax.

the rapid expansion of production and employment in aerospace.

Preliminary data on excise taxes paid on the combined excise tax return for the last two months indicate that the strongest growth has been in the retailing sector. This has been the case for most of the year. The manufacturing, construction and wholesaling sectors appeared to have shown some improvement over the last two months. Most other non retailing sectors continue to remain relatively weak. Retailing was led by eating and drinking places and the miscellaneous retailing sector (drug stores, sporting goods, toys, jewelry stores etc.). The larger retailing sectors including autos, department and furniture stores were up but only in the 2 to 3 percent range. Tax payments of food stores were below the year-ago level during the past two months.

Other General Fund taxes collected by the Department of Revenue were \$14.6 million above

the estimate for the two months since the September forecast. As noted above, a large estate tax payment accounted for nearly the entire variance. Most other major taxes were close to the forecast with property and real estate excise tax collections a little weaker than expected offset by higher than expected cigarette and liquor taxes.

Real estate excise collections were slightly below the estimate during the last two months, and the rate of growth has slowed from a very strong pace earlier in the year. Taxable real estate excise activity in September (closings reported by counties and reflecting October General Fund collections) was 6.4 percent above the year-ago level and was up 8.0 percent in the past three months, after having increased 21.5 percent during the first half of the year. Although statewide the pace of real estate activity has moderated, several areas have continued to show strong growth including Clark county, up 20 percent for the last three months compared with 22 percent for the first half of the year. Snohomish county was also up strongly, increasing 12.6 during the last three months compared to 36 percent during the first six months of 1996. King county was up 9.5 percent during the last three months after increasing 32.5 percent in the first half of 1996. Real estate activity is both interest sensitive and a function of the overall level of economic activity. Growth is expected to continue especially in the stronger regions of the state as the growth of jobs and income and a pick-up in in-migration increases the demand for housing. Although mortgage rates are higher than a year-ago, rates have stabilized with third quarter rates only slightly above rates in the second quarter. Mortgage rates are expected to drift up in 1997 which will moderate the positive impact of a strong economy on real estate activity.

General Fund-State taxes collected by the Department of Licensing, primarily motor vehicle excise tax revenue, were \$2.6 million above the September forecast. During the last two months collections were 6.8 percent above the year-ago

level. The Lottery Commission's General Fund deposits were \$0.2 million below the September forecast during the two months. As is often the case, weak lotto sales, primarily due to lack of a large lotto jackpot, was a major factor in the weaker than expected transfers. However, recent evidence (sales for the first four months of fiscal 1997) continues to show that sales of all games have been consistently lagging behind expectations. In this period, Lottery General Fund deposits were 47.4 percent above a weak year-ago level. Table 3.3 summarizes General Fund-State collection experience since the September forecast.

The Forecast for 1995-97 and 1997-99 Biennia

The November 1996 economic forecast continues to assume moderate economic growth with inflation in check. The current forecast for General Fund-State revenues is consistent with this overall healthy and improving economic environment. The General Fund-State forecast for the 1995-97 biennium now totals \$17,590.7 million, \$1,026.1 million above the 1993-95 biennium. This is an increase of 6.2 percent (1.6 percent adjusted for inflation). The relatively weak growth is due largely to tax law changes which are expected to significantly lower 1995-97 tax receipts. Legislation enacted in 1994, 1995 and in 1996 has reduced expected revenue in the 1995-97 biennium by a total of \$638 million. Excluding the impact of legislation, General Fund-State revenue is expected to grow 10.3 percent (5.5 percent adjusted for inflation) in the 1995-97 biennium.

The dominant influence on the 1995-97 biennium's revenue outlook is the health of the state's economy. Conditions are favorable and have improved since September. The national expansion is expected to continue albeit at a modest pace for the remainder of this biennium and into the next. The continuation of the national expansion, along with a rapid improvement in the state's aerospace outlook will enable the state's

economy and revenue to continue to grow. The expanding work force at Boeing signals the beginning of the expansionary phase of the aerospace cycle. Washington's economy tends to outperform the U.S. economy when the aerospace sector is expanding and General Fund-State revenue tend to grow more rapidly when the state's economy is strong. Although revenue growth during the first half of the current biennium (fiscal 1996) has been rather sluggish, much of the weakness occurred during the first two quarters of fiscal 1996 when total employment growth was weak and before Boeing's announcement of its intention to increase production and employment. Revenue growth improved noticeably in the first quarter of 1996. Second quarter revenue growth, although weaker than in the first quarter, was better than during the first six months of the biennium. Economic activity is expected to show further improvement, driven by stronger employment and income growth. Spending and revenue growth likewise is expected to accelerate in the fourth quarter. Consumer and business confidence is very high at the national level, and likely higher in Washington as the expectations of a Boeing led expansion gains momentum.

The outlook for General Fund-State receipts for the 1997-99 biennium (July 1, 1997 - June 30, 1999) also continues to improve. General Fund-State receipts are now expected to total \$19,433.7 million in the 1997-99 biennium. This is \$1,843 million, 10.5 percent higher than the forecast for the 1995-97 biennium. Like recent biennia, revenue growth for the 1997-99 biennium is distorted by tax law changes. The most significant change was the expiration of the business and occupation tax surtax. The legislature in 1993 enacted a 6.5 percent (reduced to 4.5 percent by 1994 legislation) B&O surtax on most business activity subject to the state's B&O tax. The surtax is in effect for the entire 1995-97 biennium but will expire on July 1, 1997, the start of the 1997-99 biennium. Other major legislative changes affecting the growth between biennia in-

clude: a one-time property tax reduction affecting only one year of the 1995-97 biennium, a 2 percent insurance premiums tax on health maintenance organizations and health care service contractors which is included in General Fund-State revenue for only part of the 1995-97 biennium and other one- time transfers affecting the 1995-97 biennium but not the 1997-99 biennium. The growth of General Fund-State revenue for 1997-99 adjusting for these tax law changes is 11.8 percent. Revenue growth is dictated by the economic forecast. Although growth for the 1997-99 biennium is both higher than assumed in September and the strongest growth since the 1989-91 biennium, it is expected to be significantly less than during the peak of the last Boeing expansion. The November economic outlook assumes the national economic expansion will continue through the end of the 1997-99 biennium. Although growth is expected to continue, it will be modest, with real GDP expected to average 2.2 percent per year. The state's economy is expected to grow a little faster than the U.S. as a whole, which is normal in periods of aerospace expansion. This should ensure moderate revenue growth. Legislation aside, most major revenue sources are expected to remain near their long run average relative to growth in income and employment.

Washington has no personal or corporate income tax. Three taxes, sales and use, business and occupation and the property tax (state school levy) account for the majority of Washington's total General Fund-State revenue. These three taxes are expected to account for more than 83 percent of the \$17.6 billion total General Fund-State cash receipts in the 1995-97 biennium and more than 84 percent of the 1997-99 biennium's \$19.4 billion total. The state's reliance on sales, business and occupation, and property taxes has increased over time, rising from 80 percent in the 1991-93 biennium and from 75 percent twenty years ago. The retail sales and use tax, the state's largest revenue source, is projected to generate \$9.1 billion, 52 percent of total revenue

TABLE 3.4
General Fund-State Collections *
Cash Basis
(Millions of Dollars)

Biennium	Current Dollars*	Percent Change	1992 Chained Dollars	Percent Change
1961-63	\$817.1		\$3,447.7	
1963-65	866.2	6.0	3,564.6	3.4%
1965-67	1,128.6	30.3	4,460.9	25.1
1967-69	1,440.5	27.6	5,330.2	19.5
1969-71	1,732.7	20.3	5,878.5	10.3
1971-73	1,922.1	10.9	6,013.6	2.3
1973-75	2,372.4	23.4	6,424.9	6.8
1975-77	3,395.0	43.1	7,997.6	24.5
1977-79	4,490.0	32.3	9,250.6	15.7
1979-81	5,356.6	19.3	9,170.3	-0.9
1981-83	6,801.5	27.0	10,102.5	10.2
1983-85	8,202.3	20.6	11,213.0	11.0
1985-87	9,574.6	16.7	12,249.6	9.2
1987-89	10,934.1	14.2	12,941.7	5.6
1989-91	13,308.9	21.7	14,343.5	10.8
1991-93	14,862.2	11.7	14,875.2	3.7
1993-95	16,564.6	11.5	15,753.3	5.9
1995-97 ^F	17,590.7	6.2	15,998.8	1.6
1997-99 ^F	19,433.7	10.5	16,825.8	5.2

^F November 1996 Forecast.

* Total General Fund-State collections-cash receipts basis. Includes rate, base and administrative changes; Modified Cash Basis: 1985-87 & prior; pure cash basis: 1987-89 & after. Changes among biennia may not be comparable because the biennial revenue totals shown here include the impact of rate, base and administrative changes on total collections.

Source: Department of Revenue and the Office of Financial Management. Office of the Forecast Council's November 1996 forecast.

in the 1995-97 biennium. The business and occupation tax and the property tax are expected to total \$3.3 billion (18.7 percent of the total) and \$2.2 billion (12.7 percent of the total) respectively. The property tax's (state school levy) share of the total rises to 13.8 percent in the 1997-99 biennium and the business and occupation tax's share drops to 18.5 percent of the total reflecting the expiration of the 4.5 percent B&O surtax at the end of the 1995-97 biennium.

CHART 3.1

General Fund-State Revenue

Millions of Dollars

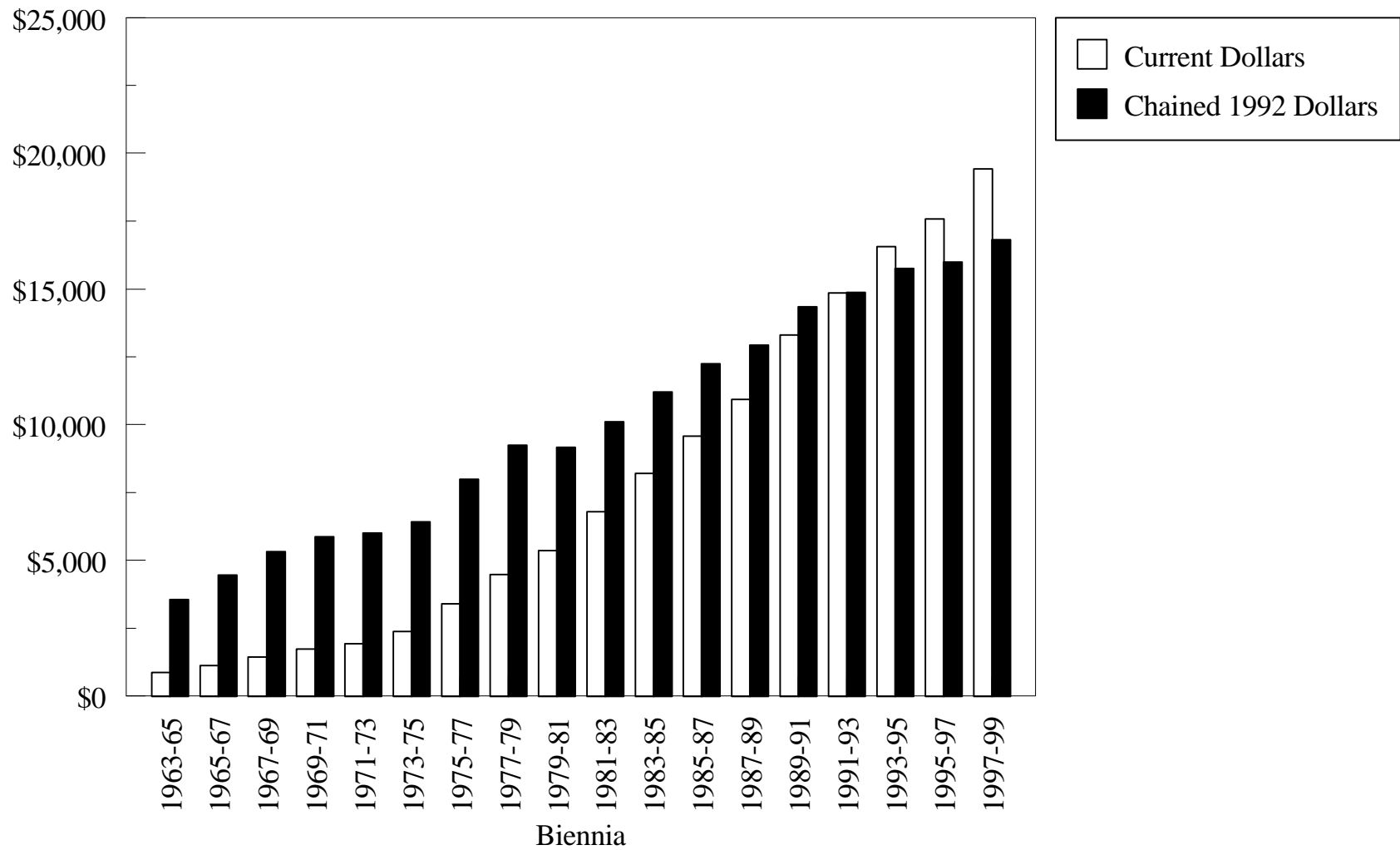


CHART 3.2

General Fund-State Revenue

Percent Change

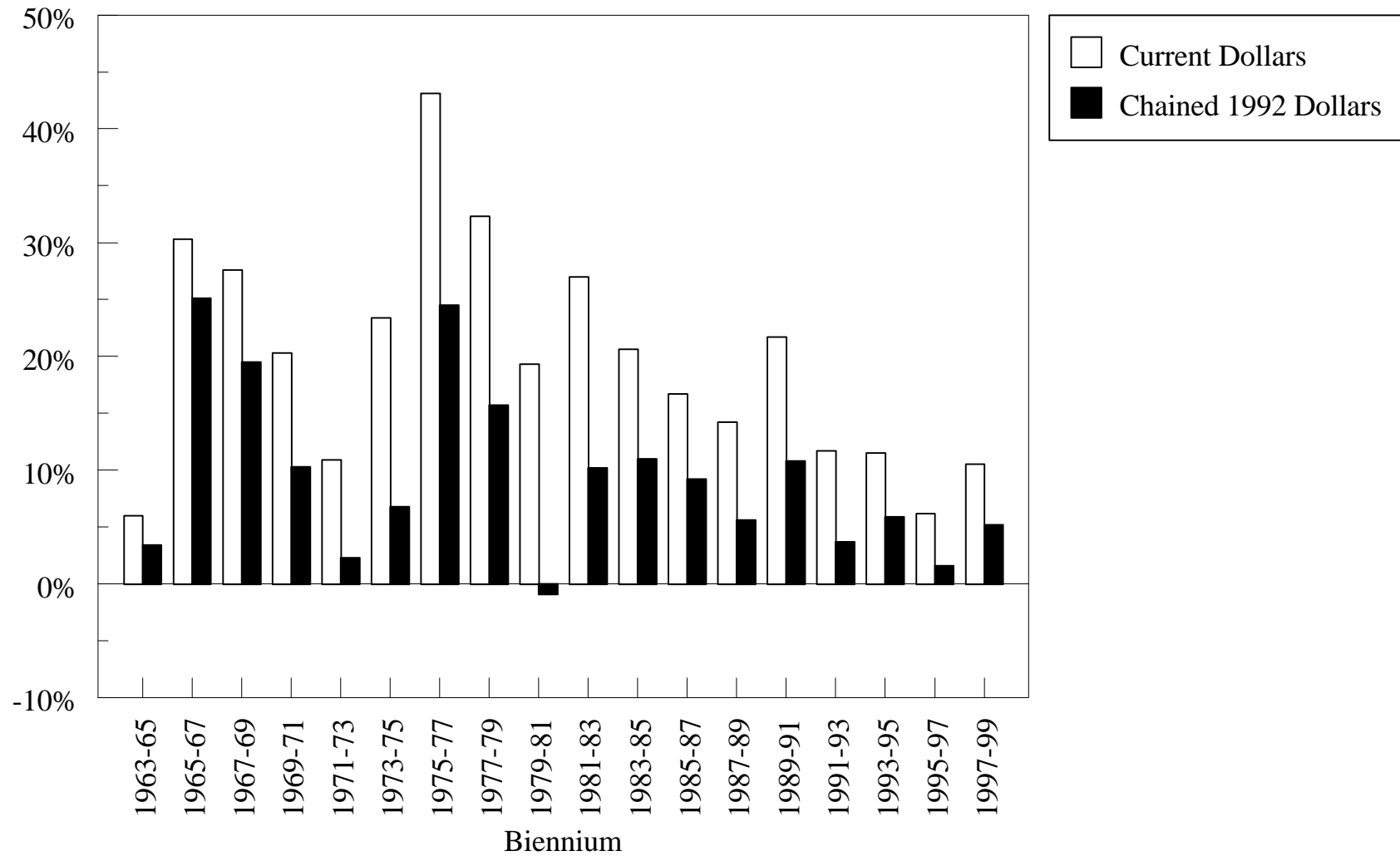


CHART 3.3

Composition of General Fund-State Revenue

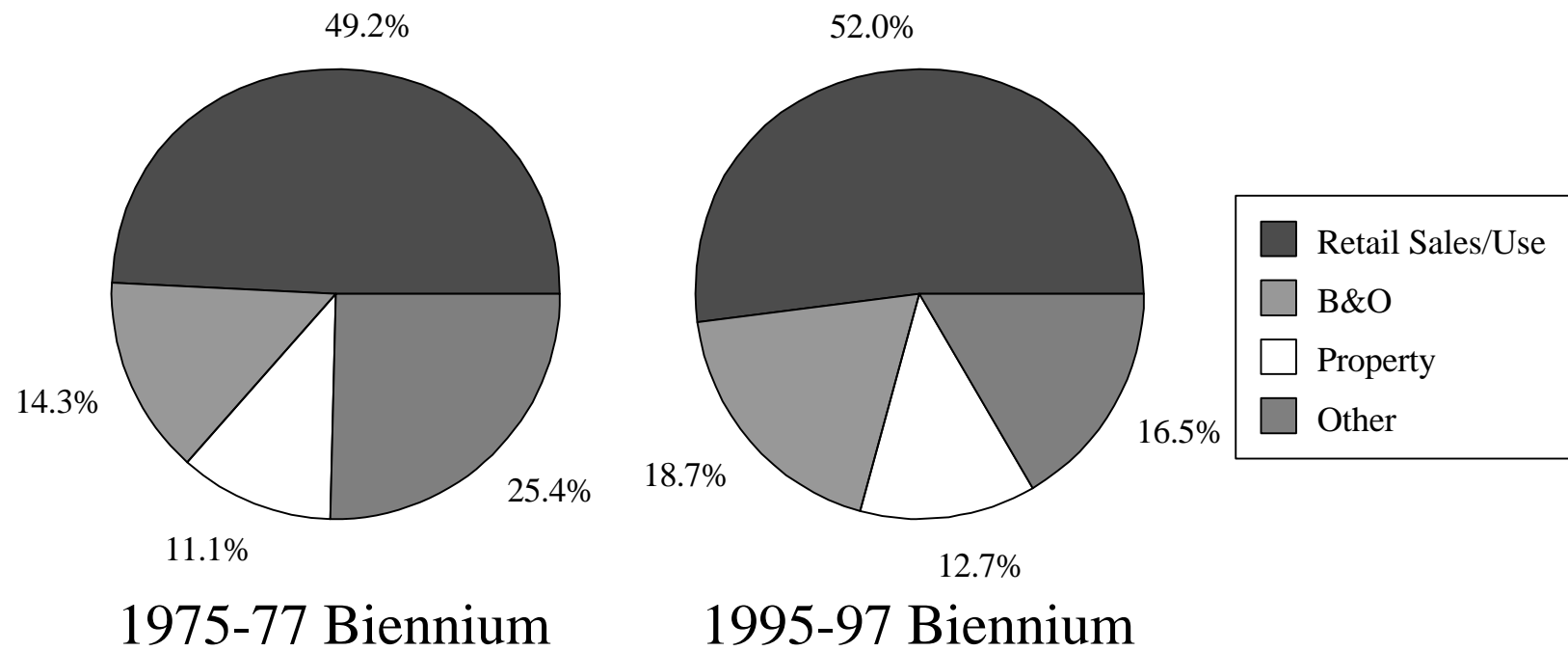
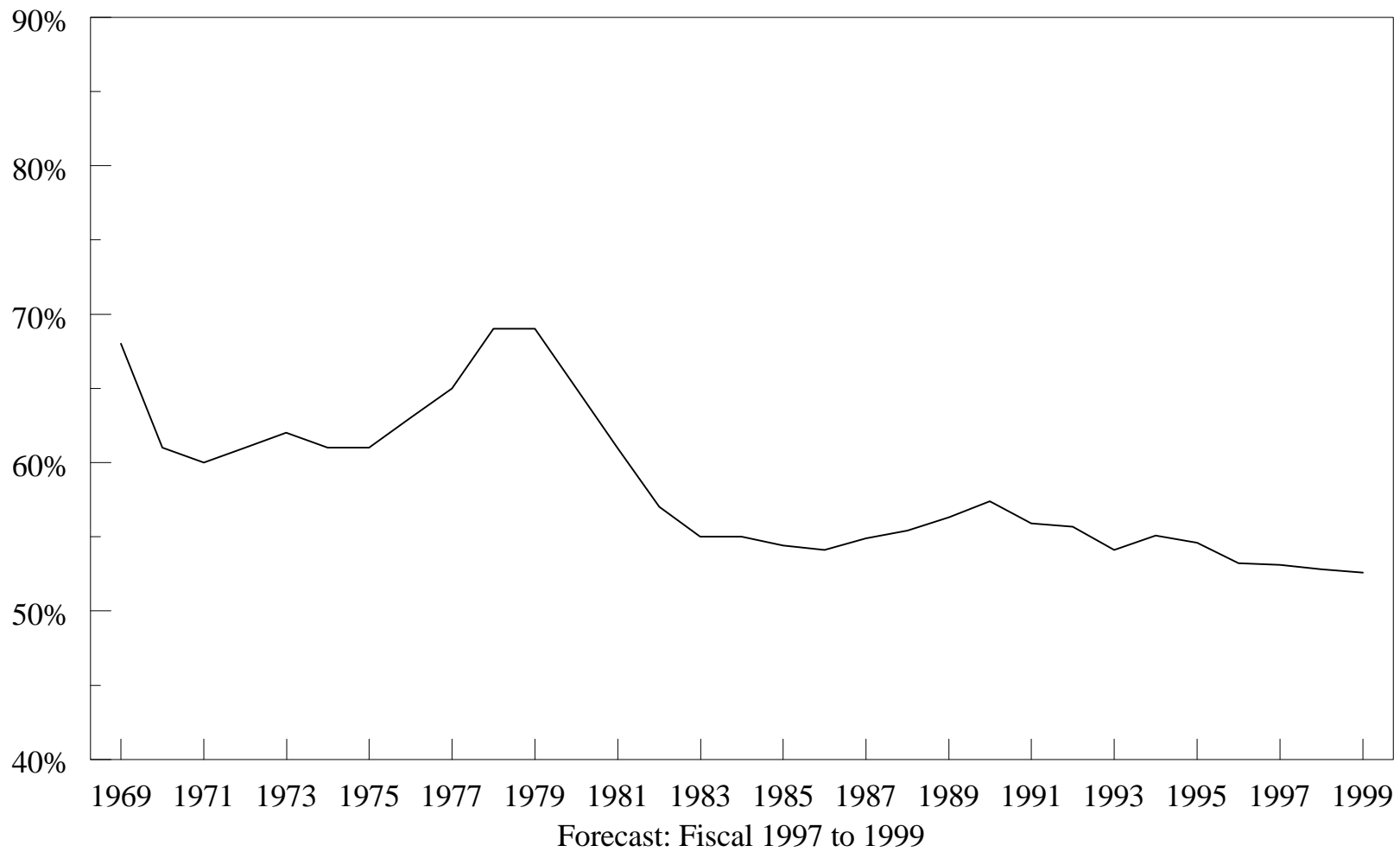


CHART 3.4

Taxable Sales* as a Percent of Personal Income

Fiscal Years



* Adjusted Base

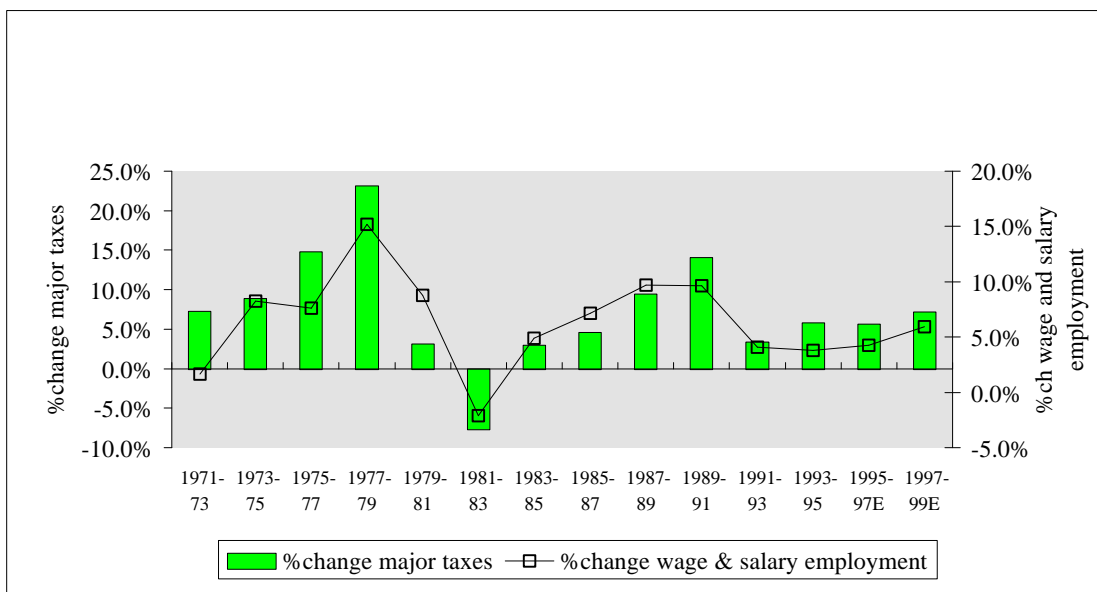
Table 3.5

Growth of Major Taxes (Adjusted)*

November 1996 Forecast

<u>Biennium</u>	Growth of Major State Taxes (adjusted)	
	Current <u>Dollars</u>	1992-Chained <u>Dollars</u>
1971-73	16.3%	7.3%
1973-75	25.8%	8.9%
1975-77	32.0%	14.8%
1977-79	40.8%	23.2%
1979-81	24.1%	3.1%
1981-83	6.4%	-7.7%
1983-85	11.8%	2.9%
1985-87	11.7%	4.6%
1987-89	18.3%	9.4%
1989-91	25.2%	14.0%
1991-93	11.4%	3.4%
1993-95	11.3%	5.8%
1995-97E	10.5%	5.7%
1997-99E	12.4%	7.2%

*Estimated growth of six major state taxes (sales, B&O, use, public utility, real estate excise and property) on a tax liability basis, adjusted to a constant rate and base.



The sales tax base increased only 1.4 percent in fiscal 1996, after having increased 6.7 percent in fiscal 1994 and 4.9 percent in fiscal 1995. Although taxable sales growth was weak in the second quarter, increasing only 0.7 percent from the year-ago level, it was virtually the same as what was expected in the September forecast. Part of the taxable sales weakness for both the second quarter of 1996 and for fiscal 1996 as a whole is attributable to a tax law changes. Legislation in 1995 resulted in a significant change in the taxable sales base. These law changes included a sales tax exemption for the purchase of machinery and equipment by manufacturers. The base for the current biennium was further reduced by an expansion of the sales tax deferral program. The other reason for a weak fiscal 1996 was a weak economy, especially in the third and fourth quarters of 1995. After two good years in fiscal 1994 and 1995, taxable sales growth in fiscal 1996 fell victim to the cumulative impact of five years of aerospace contraction. Growth was further retarded by a lengthy strike at Boeing and a weak national economy in the fourth quarter of 1995.

Taxable sales growth varied greatly by sector in fiscal 1996. The retailing sector, which accounts for about half of total taxable sales, increased 3.9 percent, led by furniture and household equipment which was up 6.4 percent, auto and gasoline retailers, up 5.6 percent and food stores, up 4.0 percent. Taxable sales reported by general merchandise and apparel retailers were up 3.2 percent for fiscal 1996, although they declined 1.0 percent in the second quarter. Most non retailing sectors were weak in fiscal 1996. Taxable sales in the service sector declined 4.2 percent. The construction sector reported a 4.4 percent decline and the manufacturing sector posted a 3.0 percent decline. Exceptions were the transportation, utilities and communications sector which posted a 15.8 percent increase in fiscal 1996 and the wholesale trade sector which reported taxable sales up 4.0 percent.

TABLE 3.6
Taxable Retail Sales*
November 1996 Forecast
(Millions of Dollars)

Fiscal Year	Amount	Percent Change
1971	\$8,748	1.6%
1972	9,545	9.1
1973	10,646	11.5
1974	11,877	11.6
1975	13,380	12.7
1976	15,493	15.8
1977	17,626	13.8
1978	21,121	19.8
1979	22,309	5.6
1980	24,057	7.8
1981	25,197	4.7
1982	26,097	3.6
1983	29,368	12.5
1984	29,156	-0.7
1985	30,687	5.3
1986	32,158	4.8
1987	34,647	7.7
1988	37,452	8.1
1989	41,429	10.6
1990	47,183	13.9
1991	49,812	5.6
1992	53,189	6.8
1993	55,319	4.0
1994	59,009	6.7
1995	61,927	4.9
1996 ^F	62,817	1.4
1997 ^F	65,684	4.6
1998 ^F	69,326	5.5
1999 ^F	73,391	5.9

^F Forecast

*- Actual base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise Tax return. Historical data may be slightly different than previously reported due to use of seasonally adjusted data in the past. Major base changes include: exemption of off-premises food in 1978:3 (fiscal 1979); extension of the sales tax base to off-premises food 1982:2 to 1983:2; food again exempt 1983:3 (fiscal 1984). Base extended to some personal services, effective July 1993. Some personal services are exempt effective July 1994. Exemption of manufacturing equipment effective fiscal 1996. Additional sales tax exemptions (including an exemption for R&D equipment) enacted effective fiscal 1997. Change in reporting effective fiscal 1997.

Fiscal 1996 taxable sales growth was generally strongest in smaller, rural counties, with the exception of King and Clark counties. Lincoln County reported the largest increase in taxable sales in fiscal 1996, a 32.6 percent increase. Taxable sales in Clark County were up 7.4 percent from a year ago, while King county reported a 3.2 percent increase. Other large counties did not fare so well. Taxable sales were up only 0.5 percent in Spokane County and declined 0.6 percent in Snohomish County. In Pierce County, taxable sales declined 1.5 percent.

The growth of the sales tax base is expected to increase to 4.6 percent in fiscal 1997, a stronger rebound than what was assumed in the September forecast. The improvement is primarily due to a better employment and income outlook. Despite the improvement both over fiscal 1996 and what was projected last quarter, the forecast for fiscal 1997 taxable sales still understates the level of economic activity. This is due to a combination of legislative changes enacted during the 1996 session and a change in reporting of business activity by a major taxpayer (beginning in fiscal 1997, a taxpayer is reporting activity previously reported as taxable sales as a use tax assessment payment). The combined impact of these factors reduce the growth of taxable sales by about 1.7 percent for fiscal 1997. The outlook for taxable sales growth has improved for the 1997-99 biennium as well since the September forecast. Taxable sales activity is projected to increase 5.5 percent in fiscal 1998 and 5.9 percent in fiscal 1999. Growth remains consistent with the long run relationship between the growth of taxable sales and state personal income.

Forecast Change for 1995-97 and the 1997-99 Biennia

The General Fund-State cash receipts forecast for the 1995-97 biennium is \$66.2 million higher than in November 1996, an increase of 0.4 percent. The change was due to the improvement to

TABLE 3.7
Summary Changes to the General Fund-State Forecast

November 1996 Cash Forecast
(Millions of Dollars)

Change Between September 1996 and November 1996 Forecasts			
1995-97 BIENNIUM			
Collection Experience ¹			\$26.7
Department of Revenue			
<i>Major Excise Taxes</i> *	\$9.7		
<i>Other</i>	14.6		
Dept. of Licensing/Lottery	2.4		
Administrative Change			(3.7)
Forecast Change (remainder of biennium)			\$43.2
Department of Revenue	\$29.9		
Other Agencies	\$13.3		
1997-99 BIENNIUM			
Administrative Change			(13.3)
Forecast Change			\$200.9
Department of Revenue	\$166.2		
Other Agencies	\$34.7		
Total Change: 1995-97 and 1997-99 Biennia**			\$253.9

* Retail sales, B&O, use, public utility and tobacco products taxes.

** Detail may not add because of rounding

1 Collection experience as of November 10, 1996, for major taxes; as of October for other Department of Revenue, Department of Licensing, and Lottery.

the economic outlook, especially at the state level, along with higher than expected collections in the two months since the last forecast update. The change due to a better economy was actually \$69.9 million, offset by a \$3.7 million reduction due to an administrative change. Along with the change to the current biennium, the General Fund-State forecast for the 1997-99 biennium was raised \$187.6 million in November. This change was comprised of a \$200.9 million increase due to an improving economic environment and a \$13.3 million reduction due to an ad-

ministrative change. The combine increase for the 1995-97 and the 1997-99 biennia totaled \$253.9 million in November.

Table 3.7 summarizes changes to the cash forecast in November by type of change. Tables 3.8 through 3.11 summarize revisions to the 1995-97 and 1997-99 biennia by agency. Tables 3.8 and 3.10 are on a cash basis and Tables 3.9 and 3.11 are on a GAAP basis. Table 3.12 provides fiscal year estimates by major revenue source (cash basis). Below is a brief summary of the changes to the General Fund-State forecast by agency.

Department of Revenue

The Department of Revenue's cash forecast for the 1995-97 biennium was increased \$50.5 million in November. A \$54.2 million increase due to an improvement in the economic forecast and collection experience was partially offset by a \$3.7 million reduction due to an administrative change that results in less tobacco products tax receipts (the base of the tobacco products tax includes all tobacco products with the exception of cigarettes, e.g. cigars, chewing tobacco). In the two months since the September forecast, Department of Revenue General Fund sources were \$24.3 million more than expected, including \$14.5 million due to a one-time large estate tax payment. The forecast of receipts for the remaining eight months of the biennium was increased \$29.9 million reflecting an improving economic environment. Major excise taxes accounted for the majority of the revision to the forecast in November. The business and occupation tax forecast was increased by \$20.8 million while the sales tax forecast was raised \$15.0 million. Other changes in the forecast for the 1995-97 biennium included a \$2.7 million increase to the use tax estimate, a \$2.1 million increase to the real estate excise tax forecast and a \$14.4 million increase to the estate tax estimate.

In addition to the change for 1995-97, the forecast for Department of Revenue sources was in-

creased \$152.9 million for the 1997-99 biennium. A \$166.2 million increase due to an improved economic outlook was partially offset by a \$13.3 million reduction due to a reporting change which reduces tobacco products tax receipts.

Major changes to the forecast for next biennium by source include: a \$88.1 million increase to the retail sales tax forecast, a \$37.0 million increase to the business and occupation tax forecast, a \$22.7 million increase to the real estate excise tax estimate, a \$6.5 million increase to the use tax forecast and a \$5.5 million increase to the public utility tax forecast. These increases are the result of an improved economic outlook. The increase to the forecast for the 1997-99 biennium was partially offset by a \$13.3 million reduction to the tobacco produce tax forecast as a result of an administrative change which shifts the reporting of the tax from wholesales to the manufacturer, effectively reducing the base of the tax. Note the reduction to the tobacco products tax forecast reflects only the General Fund portion of this tax. The other non General Fund accounts funded by the tobacco products tax (the Health Services Fund and the Water Quality Account) will also experience reductions.

Department of Licensing

The General Fund-State forecast for taxes collected by the Department of Licensing was increased \$4.0 million for the 1995-97 biennium. The majority of this change, \$3.8 million, reflects an increase to the forecast to the General Fund portion of the motor vehicle excise tax. The remainder of the change is primarily due to a higher forecast for various professional license fees collected and administered by the Department of Licensing. The outlook for the 1997-99 biennium was increased \$14.5 million. Again, the majority of this increase, \$12.4 million, reflects an increase to the motor vehicle excise tax forecast. The November forecast assumes both a higher number of vehicles and a higher aver-

TABLE 3.8

Cash Basis

General Fund-State Forecast by Agency: Cash Basis

Comparison of the November 1996 Forecast to the September 1996 Forecast

1995-1997 Biennium

(Millions of Dollars)

Forecast by Agency	September 1996 Forecast ¹	Non-Economic Changes ²	Forecast Revision	November 1996 Forecast	Total Change
Department of Revenue					
Retail Sales*	\$8,520.9		\$15.0	\$8,535.9	\$15.0
Business and Occupation Use	3,272.6		20.8	3,293.4	20.8
Public Utility	609.5		2.7	612.2	2.7
Liquor Sales/Liter	390.9		1.1	392.0	1.1
Cigarette	145.2		0.0	145.2	0.0
Property (State Levy)	140.9		0.2	141.1	0.2
Real Estate Excise	2,241.4		(3.0)	2,238.4	(3.0)
Timber Excise	513.8		2.1	515.9	2.1
Other	55.3		(0.1)	55.2	(0.1)
	470.3	(3.7)	15.4	482.0	11.7
Subtotal	16,360.8	(3.7)	54.2	16,411.4	50.5
Department of Licensing					
Motor Vehicle Excise**	801.2		3.8	805.0	3.8
Other	45.1		0.2	45.3	0.2
Insurance Commissioner					
Insurance Premiums	311.8		(0.1)	311.7	(0.1)
Liquor Control Board					
Liquor Profits and Fees	54.6		0.0	54.6	0.0
Beer and Wine Surtax	2.9		0.0	2.9	0.0
Lottery Commission					
Lottery Revenue	221.3		0.0	221.3	0.0
State Treasurer					
Interest Earnings	137.7		1.0	138.7	1.0
Office of Financial Management					
Other	(410.9)		10.8	(400.1)	10.8
Total General Fund-State**	\$17,524.4	(\$3.7)	\$69.9	\$17,590.7	\$66.2

¹ Adopted by the Forecast Council September 1996.² A reduction to the tobacco products tax due to a change in reporting.

* Includes the General Fund-State portion of the Rental Car tax in fiscal 1996.

** Includes the General Fund-State portion of the Rental Car tax in fiscal 1997.

*** Detail may not add to totals because of rounding.

TABLE 3.9

GAAP Basis

General Fund-State Forecast by Agency: GAAP BasisComparison of the November 1996 Forecast to the
September 1996 Forecast

1995-1997 Biennium

(Millions of Dollars)

Forecast by Agency	September 1996 Forecast ¹	Non-Economic Changes ²	Forecast Revision	November 1996 Forecast	Total Change
Department of Revenue					
Retail Sales	\$8,530.4		\$10.6	\$8,541.0	\$10.6
Business and Occupation Use	3,298.1		11.0	3,309.1	11.0
Public Utility	606.8		1.2	608.1	1.2
Liquor Sales/Liter	406.5		(9.8)	396.7	(9.8)
Cigarette	144.8		0.0	144.8	0.0
Property (State Levy)	140.7		0.2	140.9	0.2
Real Estate Excise	2,243.7		(3.0)	2,240.7	(3.0)
Timber Excise	513.5		26.1	539.6	26.1
Other	55.3		(0.1)	55.2	(0.1)
	474.1	(3.7)	19.0	489.4	15.3
Subtotal	16,413.9	(3.7)	55.2	16,465.4	51.5
Department of Licensing					
Motor Vehicle Excise*	796.1		9.6	805.7	9.6
Other	44.0		1.1	45.1	1.1
Insurance Commissioner					
Insurance Premiums	311.8		0.0	311.8	0.0
Liquor Control Board					
Liquor Profits and Fees	54.6		0.0	54.6	0.0
Beer and Wine Surtax	2.9		0.0	2.9	0.0
Lottery Commission					
Lottery Revenue	222.4		0.0	222.4	0.0
State Treasurer					
Interest Earnings	136.8		1.1	37.9	1.1
Office of Financial Management					
Other	(410.0)		11.2	(398.8)	11.2
Total General Fund-State**	\$17,572.5	(\$3.7)	\$78.2	\$17,647.0	\$74.5

¹ Adopted by the Forecast Council September 1996.² A reduction to the tobacco products tax due to a change in reporting.

* Includes the General Fund-State portion of the Rental Car tax in fiscal 1997.

** Detail may not add to totals because of rounding.

TABLE 3.10

Cash Basis

General Fund-State Forecast by Agency: Cash Basis

Comparison of the November 1996 Forecast to the September 1996 Forecast

1997-1999 Biennium

(Millions of Dollars)

Forecast by Agency	September 1996 Forecast ¹	Non-Economic Changes ²	Forecast Revision	November 1996 Forecast	Total Change
Department of Revenue					
Retail Sales	\$9,315.1		\$88.1	\$9,403.2	\$88.1
Business and Occupation Use	3,558.5		37.0	3,595.5	37.0
Public Utility	696.6		6.5	703.0	6.5
Liquor Sales/Liter	432.9		5.5	438.4	5.5
Cigarette	143.4		0.0	143.4	0.0
Property (State Levy)	143.8		(1.9)	141.9	(1.9)
Real Estate Excise	2,673.8		3.6	2,677.4	3.6
Timber Excise	549.6		22.7	572.4	22.7
Other	51.9		(0.2)	51.7	(0.2)
Subtotal	481.2	(13.3)	4.8	472.7	(8.5)
	18,046.7	(13.3)	166.2	18,199.7	152.9
Department of Licensing					
Motor Vehicle Excise*	909.2		12.4	921.6	12.4
Other	49.0		2.1	51.1	2.1
Insurance Commissioner					
Insurance Premiums	299.5		0.0	299.5	0.0
Liquor Control Board					
Liquor Profits and Fees	50.4		0.0	50.4	0.0
Beer and Wine Surtax	2.9		0.0	2.9	0.0
Lottery Commission					
Lottery Revenue	253.0		0.0	253.0	0.0
State Treasurer					
Interest Earnings	108.9		9.6	118.5	9.6
Office of Financial Management					
Other	(473.5)		10.6	(463.0)	10.6
Total General Fund-State**	\$19,246.1	(\$13.3)	\$200.9	\$19,433.7	\$187.6

¹ Adopted by the Forecast Council September 1996.² A reduction to the tobacco products tax due to a change in reporting.

* Includes the General Fund-State portion of the rental car tax.

** Detail may not add to totals because of rounding.

TABLE 3.11

GAAP Basis

General Fund-State Forecast by Agency: GAAP Basis

Comparison of the November 1996 Forecast to the September 1996 Forecast

1997-1999 Biennium

(Millions of Dollars)

Forecast by Agency	September 1996 Forecast ¹	Economic Changes ²	Forecast Revision	November 1996 Forecast	Total Change
Department of Revenue					
Retail Sales	\$9,367.6		\$88.0	\$9,455.6	\$88.0
Business and Occupation Use	3,580.7		39.1	3,619.9	39.1
Public Utility	699.1		6.4	705.5	6.4
Liquor Sales/Liter	432.8		5.5	438.3	5.5
Cigarette	142.9		(0.0)	142.8	(0.0)
Property (State Levy)	142.9		(1.9)	141.1	(1.9)
Real Estate Excise	2,673.8		3.6	2,677.4	3.6
Timber Excise	554.3		22.7	577.1	22.7
Other	51.9		(0.2)	51.7	(0.2)
	481.8	(13.3)	4.7	473.2	(8.6)
Subtotal	18,127.8	(13.3)	168.0	18,282.5	154.7
Department of Licensing					
Motor Vehicle Excise*	903.8		12.3	916.0	12.3
Other	47.8		2.1	49.8	2.1
Insurance Commissioner					
Insurance Premiums	299.5		0.0	299.5	0.0
Liquor Control Board					
Liquor Profits and Fees	50.4		0.0	50.4	0.0
Beer and Wine Surtax	2.9		0.0	3.0	0.0
Lottery Commission					
Lottery Revenue	253.0		0.0	253.0	0.0
State Treasurer					
Interest Earnings	107.7		10.1	117.8	10.1
Office of Financial Management					
Other	(470.3)		9.0	(461.3)	9.0
Total General Fund-State**	\$19,322.6	(\$13.3)	\$201.5	\$19,510.7	\$188.2

1 Adopted by the Forecast Council September 1996.

2 A reduction to the tobacco products tax due to a change in reporting.

* Includes the General Fund-State portion of the Rental Car tax.

** Detail may not add to totals because of rounding.

Table 3.12

Cash Basis

General Fund(State Forecast:Cash BasisNovember 1996 Forecast: 1995-97 and 1997-99 Biennia
(Millions of Dollars)

Forecast by Source	Fiscal 1995^A	Fiscal 1996	Fiscal 1997	1995-97 Biennium	Fiscal 1998	Fiscal 1999	1997-99 Biennium
State Taxes							
Retail Sales**	\$4,126.7	\$4,170.0	\$4,365.9	\$8,535.9	\$4,571.8	\$4,831.4	\$9,403.2
Business and Occupation	1,573.6	1,611.8	1,681.6	3,293.4	1,734.7	1,860.8	3,595.5
Use	292.5	294.9	317.3	612.2	340.7	362.4	703.0
Public Utility	182.3	192.2	199.8	392.0	212.0	226.4	438.4
Liquor Sales/Liter	73.2	72.8	72.3	145.2	71.8	71.6	143.4
Beer and Wine Surtax	1.4	1.4	1.4	2.9	1.5	1.5	2.9
Cigarette	81.5	69.8	71.3	141.1	71.6	70.3	141.9
Tobacco Products	11.8	12.3	9.0	21.4	6.7	7.0	13.7
Property (State School Levy)	1,018.1	1,074.3	1,164.1	2,238.4	1,286.3	1,391.2	2,677.4
Public Utility District	26.1	26.8	28.7	55.5	30.5	32.4	62.8
Real Estate Excise	235.5	254.4	261.5	515.9	277.7	294.7	572.4
Timber Excise	25.6	28.0	27.2	55.2	26.3	25.4	51.7
Estate/Inheritance	42.2	62.1	65.0	127.1	54.3	58.0	112.3
Motor Vehicle Excise***	414.3	386.1	418.9	805.0	447.1	474.5	921.6
Boat Excise	8.6	8.5	8.7	17.2	9.5	10.1	19.6
Insurance Premiums	203.3	172.2	139.5	311.7	146.5	153.0	299.5
Other	85.5	114.8	100.5	215.4	102.8	108.5	211.3
Total Taxes	8,401.9	8,552.7	8,932.8	17,485.5	9,391.7	9,979.1	19,370.8
State Non-Tax Sources							
Licenses, Permits, Fees	61.8	60.8	62.7	123.6	64.1	65.1	129.2
Liquor Profits and Fees	27.1	27.1	27.5	54.6	24.7	25.7	50.4
Earnings on Investments	74.3	70.4	68.3	138.7	62.3	56.2	118.5
Lottery Transfers	137.3	103.3	118.0	221.3	126.0	127.0	253.0
Other Revenue and Transfers	(151.2)	(233.1)	(199.8)	(432.9)	(238.2)	(250.0)	(488.2)
Total Non-Tax	149.4	28.6	76.6	105.2	38.9	24.0	62.9
Total General Fund-State *	\$8,551.3	\$8,581.3	\$9,009.4	\$17,590.7	\$9,430.6	\$10,003.2	\$19,433.7

^A Actual

* Detail may not add to totals due to rounding.

** Includes General Fund-State portion of the rental car tax in fiscal 1995 and 1996.

*** Includes General Fund-State share of the rental car tax, fiscal 1997-1999.

age value per vehicle than was assumed in the September forecast. The remainder of the change to the Department of Licensing's General Fund-State forecast primarily reflects an increase to the vessel excise tax forecast. This was raised due to an increase in both the number of vessels and the average vessel value compared to what was expected in September.

*Office of Financial Management:
Other Agencies*

The Office of Financial Management is responsible for forecasting General Fund-State revenue and transfers for all agencies other than the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the State Treasurer and the Lottery Commission. The 1995-97 the General Fund forecast for these "other agencies" was increased \$10.8 million from September. This was comprised of a \$0.2 million increase due to a revised fiscal 1996 total and a \$10.6 million increase to the forecast for fiscal 1997. The change for fiscal 1997 included a \$4.2 million revision to the forecast for security licenses, permits and fees, a \$5.5 million revision to various General Fund-State revenue sources administered by the Department of Social and Health Services and a \$4.4 million increase due to a reduction in transfers out of the General Fund for the transit match residual. These increases were partially offset by a \$3.3 million reduction due to an increase in state revenue for distribution related to mass transit.

The forecast for next biennium was increased \$10.6 million. General Fund-state revenue collected by the Department of Social and Health services was increased \$11 million and the forecast of permits, licenses and fees associated with the issuance of securities in the state was increased \$7.9 million. In addition, there was a net gain to the forecast due to a decrease in transfers out of the General Fund (the water quality transfer was increase by \$3.7 million but this was

more than offset by a \$9.7 million reduction to the transit match residual transfer from the General Fund). These increases to the forecast for the 1997-99 biennium were partially offset by a reduction to the forecast due to an \$10.9 million increase in revenue for distribution associated with the mass transit distribution. Note, an increase in revenue for distribution reduces the General Fund-state forecast.

State Treasurer

The interest earnings forecast was increased by \$1 million for the 1995-97 biennium. The increase was the product of an increase of the average daily investable balance assumption combined with a slightly higher interest rate forecast. The interest earnings forecast was increased \$9.6 million for the 1997-99 biennium. Again, the combination of a small increase in the interest rate forecast combined with a higher average daily balance assumption produced a higher interest earnings forecast in November. Note, the forecast for interest earnings for the 1995-97 biennium assumes that the June 30, 1995 ending balance for the General Fund and Budget Stabilization Accounts is applied to the July 1, 1995 General Fund beginning balance.

Track Record for the 1995-97 Biennium

The November 1996 forecast of General Fund-State cash receipts for the 1995-97 biennium is \$17,590.7 million. This is \$66.2 million more than the previous forecast prepared in September 1996 and \$398 million, 2.2 percent, higher than the initial forecast for the 1995-97 biennium (excluding legislation) made in February 1994. There have been eleven quarterly updates to the forecast for the 1995-97 biennium. There have been five reductions and six increases (including the current change). Table 3.13 summarizes the changes to the 1995-97 General Fund-State forecast.

Table 3.13

Cash Basis

Track Record for the 1995-97 General Fund-State Cash Forecast

February 1994 through November 1996

(Millions of Dollars)

Date of Forecast	Department of Revenue*	Other Agencies*	Subtotal*	Legislation**	Total Change	Total General Fund-State Cash Basis
February 1994****	\$16,701	\$1,130	\$17,831			\$17,831
Changes to Forecast						
June 1994	(8)	(1)	(9)	(192) ¹	(201)	17,630
September 1994	114	29	143	0	143	17,774
November 1994	195	(2)	193	1	194	17,968
March 1995	(35)	13	(23)		(23)	17,945
June 1995	(152)	9	(143)	(242) ²	(385)	17,560
September 1995	101	23	124		124	17,684
November 1995	(7)	1	(6)	(10) ³	(15)	17,668
February 1996	(99)	(10)	(109)	(132) ⁴	(242)	17,427
June 1996	110	(10)	100	(60) ⁵	41	17,467
September 1996	33	24	57		57	17,524
November 1996	54	16	70	(4) ⁶	66	17,591
Total Change***:						
From February 1994	\$307	\$92	\$398	(\$638)	(\$240)	
Percent Change	1.8%	8.1%	2.2%	(3.6%)	(1.3%)	

* Excludes legislative, judicial or other major non-economic changes.

** Includes legislative, judicial or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 1995-97 biennium.

- 1 Change to the forecast due to legislation and budget driven revenue enacted during the 1994 legislative session. Major changes include: enactment of a B&O small business credit; enactment of a high technology credit; expansion of the sales tax deferral and reduction of the B&O surtax enacted in 1993.
- 2 Change to the forecast due to legislation and budget driven revenue enacted during the 1995 legislative session. Major changes include: a sales tax exemption for machinery and equipment purchased by manufacturers, a one-time reduction in the state property tax levy and selected B&O tax rate reductions.
- 3 Change to the forecast due to legislation. This legislative change primarily reflects the General Fund-State impact of the stadium funding package (\$7.2 million) enacted during the November 1995 special legislative session.
- 4 Change to the forecast due to 1996 legislation effective January 1996. This legislative reduces the B&O tax rate on service activities, increases the B&O job credit for distressed areas and creates a B&O credit for employer provided training in distressed areas.
- 5 Change to the forecast due to 1996 legislation. (Excluding the impact of SSB 6117) which was included in the forecast in February 1996. Major changes include: a sales tax exemption for research and development equipment; a sales tax exemption for repair and replacement of manufacturing equipment; A reduction in the B&O tax rate for nuclear waste clean-up and a sales/use exception for certain solar/wind power generation equipment.
- 6 Reduction to the forecast due to a change in reporting of the tobacco products tax.

Table 3.14

Cash Basis

Track Record for the 1997-99 General Fund-State

February 1996 through November 1996

(Millions of Dollars)

Date of Forecast	Department of Revenue*	Other Agencies*	Subtotal*	Legislation**	Total Change	Total General Fund-State Cash Basis
February 1996 ****	\$18,046	\$1,153	\$19,199			\$19,199
Changes to Forecast						
June 1996	57	17	74	(96) ¹	(22)	19,177
September 1996	38	31	69		69	19,246
November 1996	166	35	201	(13) ²	188	19,434
Total Change***:						
From February 1996	\$261	\$83	\$344	(\$109)	\$235	
Percent Change	1.4%	7.2%	1.8%	0.6%	1.2%	

* Excludes legislative, judicial or other major non-economic changes.

** Includes legislative, judicial or other major non-economic changes.

*** Detail may not add to total due to rounding.

****First official forecast for the 1997-99 biennium.

1 Change to the forecast due to 1996 legislation. (Excluding the impact of SSB 6117) which was included in the forecast in February 1996. Major changes include: a sales tax exemption for research and development equipment.

A sales tax exemption for repair and replacement of manufacturing equipment and a reduction in the B & O tax rate for nuclear waste cleanup and a sales/use exception for certain solar/wind power generation equipment.

2 A reduction to the forecast due to a change in the way the tobacco product tax is reported.

Table 3.15
November 1996 Baseline Forecast by Agency
 General Fund - State 1993-95, 1995-97 & 1997-99 Biennia
 Comparison of Cash and GAAP Basis
 (Millions of Dollars)

Agency	1993-95 Biennium			1995-97 Biennium			1997-99 Biennium		
	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.
General Fund - State Cash/Revenue Sources									
Department of Revenue ³	\$15,088.7	\$15,169.7	\$81.0	\$16,322.0	\$16,376.1	\$54.0	\$18,107.7	\$18,190.5	\$82.8
Department of Licensing	848.0	847.9	(0.2)	850.3	850.8	0.5	972.7	965.8	(6.9)
Insurance Commissioner ⁴	351.9	351.9	0.0	317.4	317.5	0.1	305.3	305.3	0.0
State Treasurer	159.6	159.3	(0.3)	138.7	137.9	(0.8)	118.5	117.8	(0.7)
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	122.9	125.1	2.3	139.0	140.3	1.3	137.1	138.7	1.6
Subtotal: General Fund-State Cash/Revenue*	16,571.1	16,654.0	82.9	17,767.5	17,822.6	55.2	19,641.3	19,718.2	76.9
General Fund State - Other Financing Sources ⁵									
Department of Revenue ⁶	84.3	90.3	6.1	89.3	89.3	0.0	92.0	92.0	0.0
Lottery Commission	248.1	232.0	(16.1)	221.3	222.4	1.1	253.0	253.0	0.0
Insurance Commissioner ⁷	(4.7)	(4.7)	0.0	(5.7)	(5.7)	0.0	(5.9)	(5.9)	0.0
Liquor Control Board	58.0	58.2	0.3	57.4	57.5	0.1	53.4	53.4	0.0
Office of Financial Management									
Other Agencies ⁸	(392.2)	(392.1)	0.0	(539.1)	(539.1)	0.0	(600.1)	(600.1)	0.0
Subtotal: GFS Other Financing Sources*	(6.5)	(16.3)	(9.8)	(176.8)	(175.6)	1.2	(207.6)	(207.5)	0.0
Total Available Receipts/Resources									
General Fund-State *	\$16,564.6	\$16,637.7	\$73.1	\$17,590.7	\$17,647.0	\$56.3	\$19,433.7	\$19,510.7	\$77.0

* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

2 General Fund-State Revenue Forecast on a GAAP (Generally accepted accounting principles) basis, used to show the state revenue position for financial reporting purposes.

3 Excludes the state share of the timber tax and unclaimed property transfers.

4 Total insurance premiums tax.

5 Other financing sources represent transfers to/from other funds from/to the General Fund.

6 Includes the state share of the timber excise tax and unclaimed property transfers.

7 Forty percent of fire insurance premiums.

8 Agency 701 and accounting sources: 480 and 481 for all other agencies.

Table 3.16

1995-97 Balance SheetGeneral Funds-State
(Millions of Dollars)

RESOURCES	
Beginning Balance	\$558.9
September Revenue Forecast	17,524.4
November Forecast Change	66.2
Changes in Reserves/Other Adjustments	34.6
Total Resources	18,184.1
EXPENDITURES	
1995-97 Appropriations	17,612.8
Estimated FY96 Reversions	(31.0)
Total Appropriations	17,581.8
BALANCE	
Ending Balance	\$602.3
I-601 Emergency Reserve Account	0.0

Source: House and Senate Fiscal Committees
Office of Financial Management

Track Record for the 1997-99 Biennium

The November 1996 forecast of General Fund-State cash receipts for the 1997-99 biennium is \$19,433.7 million. This is \$187.6 million above the prior September 1996 forecast and is \$344 million (1.8 percent) above the February 1996 forecast, the initial forecast for the 1997-99 biennium. These revisions exclude changes due to legislation.

The Relationship Between the Cash and GAAP General Fund-State Revenue Forecasts

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP) and that the Forecast Council adopt a cash forecast as well as a forecast of revenue on a GAAP basis. There are thus two related but distinct General Fund-State forecasts summarized in this chapter: a cash receipts forecast and a GAAP revenue forecast. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. Revenue on a GAAP basis are credited to the biennium in which they are earned even though they may not yet have been collected. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The cash forecast is used for cash flow management and is the forecast used to produce the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. The primary difference between the cash and GAAP forecasts is timing of the receipt of revenue. References to the General Fund-State forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.9 and 3.11 are on a cash basis.

Table 3.15 compares the cash receipts forecast and the GAAP forecast by agency. Actual revenue for the 1993-95 biennium on a GAAP basis totals \$16,637.7 million, \$73.1 million higher

than the cash total of \$16,564.6 million. The November forecast for the 1995-97 biennium on a GAAP basis is \$17,647 million, \$56.3 million more than the cash estimate of \$17,590.7 million. The GAAP forecast for the 1997-99 biennium totals \$19,510.7 million, \$77 million more than the cash receipts forecast of \$19,433.7 million.

Table 3.16 presents the budgetary balance sheet which summarizes the General Fund-State forecast of expected receipts and expenditures and when combined with the biennium's beginning undesignated fund balance, yields a projected ending balance for the 1995-97 biennium based on the November 1996 outlook. The estimated ending fund balance based on the November forecast, updated expenditure projections, and adjustments based on the actual 1996 Fund balance is \$602.3 million.

Tuition Forecast

Legislation enacted during the 1992 legislative session removed higher education tuition and operating fees collected by the state's colleges and universities from the General Fund. Instead, tuition and fee revenue are deposited into the operating fund of each institution of higher education. This change became effective July 1992. The legislation enacting this transfer requires a review of the tuition forecast by the Forecast Council staff and Work Group and approval by the Forecast Council as part of the quarterly forecast review process. Table 3.17 shows tuition revenue for fiscal 1993 and beyond, including the November 1996 forecast for fiscal years 1997 through 1999. The tuition numbers for fiscal 1992 and earlier years are included in the General Fund-State totals shown in other tables in this chapter. Data through fiscal 1996 reflect actual collections. The November 1996 tuition and fee forecast for the 1995-97 biennium was increased \$0.4 million. Most of the revision was to fiscal 1997 projections based on revisions to enrollment assumptions and various

TABLE 3.17

Higher Education and Operating Fee Forecast

November 1996 Compared to the September 1996 Forecast
Cash and GAAP Forecast
(Millions of Dollars)

	September 1996 Forecast	Legislative Change	Forecast Change	November 1996 Forecast	Total Change
1991-93 Biennium	\$214.2	\$0.0	\$0.0	\$214.2	\$0.0
Fiscal 1994	263.5	0.0	0.0	263.5	0.0
Fiscal 1995	313.2	0.0	0.0	313.2	0.0
1993-95 Biennium	\$576.6	\$0.0	\$0.0	\$576.6	\$0.0
Fiscal 1996	319.2	0.0	0.0	319.2	0.0
Fiscal 1997	334.9	0.0	0.4	335.3	0.4
1995-97 Biennium	\$654.0	\$0.0	\$0.4	\$654.4	\$0.4
Fiscal 1998	335.1	0.0	0.0	335.1	0.0
Fiscal 1999	346.6	0.0	0.0	346.6	0.0
1997-99 Biennium	\$681.7	\$0.0	\$0.0	\$681.7	\$0.0

Forecast by Institution (Thousands of Dollars)

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999
University of Washington	\$101,342	\$107,559	\$107,173	\$112,402
Washington State University	52,754	56,080	56,679	59,146
Eastern Washington University	16,669	16,197	18,512	18,964
Central Washington University	15,517	16,417	15,316	15,387
Western Washington University	20,324	21,100	20,536	21,091
The Evergreen State College	10,845	10,876	10,873	11,168
Community Colleges	101,720	107,027	106,023	108,428
Total Tuition and Fees	\$319,171	\$335,256	\$335,111	\$346,587

* Beginning July 1, 1992, tuition and fees collected by institutions of higher education are deposited into the operating account of each institution and are not part of the General Fund. This table shows only the tuition forecast since this change. Prior to July 1992 the tuition and fee forecast is included in the General Fund-State total shown elsewhere in this chapter.

mix factors such as in-state/out-of-state, graduate/undergraduate mixes and other factors affecting tuition receipts. The forecast for the 1997-99 biennium totals \$681.7 million. This is unchanged from September. The enrollment assumptions for the 1997-99 biennium are from the Higher Education Coordinating Board's master plan. Tuition rates are assumed to increase 2.5 percent in fiscal 1998 and 2.9 percent in fiscal 1999.

Alternative Forecasts

The baseline forecast assumes that the national economic expansion continues and that Washington's economy will continue to grow along with the U.S. economy. Washington, in fact, is expected to outperform the U.S. in the current baseline forecast. The possibility of either a recession or much better than expected economic growth is addressed by two alternative forecasts. The optimistic alternative forecast assumes that the capacity of the national economy to grow without inflation is understated in the baseline scenario. In this scenario, both consumer and business confidence improve from their current high levels, resulting in an acceleration of growth in consumption and investment spending. Employment and income growth is stronger than assumed in the baseline and productivity increases enable strong growth to occur without inflation. With the stronger national economy, Washington's economic growth is also higher than in the baseline forecast. By the end of fiscal 1997 state personal income is 1.8 percent above the baseline estimate and wage and salary employment is 0.5 percent higher. By the end of the 1997-99 biennium state employment is 2.5 percent above the baseline forecast and income is 5.5 percent above the baseline.

The pessimistic alternative assumes a recession in 1997. Rising prices, a swift and aggressive response by the Federal Reserve and weakening consumer confidence trigger a recession beginning in the first quarter of 1997. Consumer con-

fidence falls as interest rates rise, demand for interest sensitive durable goods decline followed by a reduction in overall spending. In this scenario, real GDP declines for three quarters with a peak to trough decline of 3.5 percent. Washington's economy slows in response to the weakening national economy. Aerospace growth is weaker than the baseline forecast in this scenario, but still shows positive growth, however, Washington's overall income and employment decline is greater than the U.S. as a whole. In the pessimistic alternative, state personal income is 2.2 percent below the baseline by the end of fiscal 1997 and 4.3 percent less than the baseline by the end of the 1997-99 biennium. Employment is 28,400 less than the baseline by the end of the current biennium and is 56,400 jobs below the baseline by the end of fiscal 1999.

Tables 3.18 and 3.19 show the revenue implications of these alternative scenarios for the 1995-97 and 1997-99 biennia. The optimistic scenario generates \$17,789.8 million in General Fund-State revenue in 1995-97. This is \$199.1 million more than the baseline forecast. The pessimistic alternative produces only \$17,378.0 million in the 1995-97 biennium, \$212.7 million less than the baseline forecast. For next biennium, the optimistic alternative forecast generates \$20,373.9 million, \$940.1 million more than the 1996 baseline estimate. The pessimistic scenario produces only \$18,429.0 million, \$1,004.8 million less than the baseline forecast. In addition to the official optimistic and pessimistic alternatives, another alternative forecast was prepared in November. This was developed by averaging the forecasts of several key economic variables made by members of the Governor's Council of Economic Advisors. The Governor's Economic Council's alternative was similar to the baseline, producing \$8 million more for the General Fund for the 1995-97 biennium and \$12 million more than the baseline in the 1997-99 biennium.

TABLE 3.18

Cash Basis

**November 1996 Alternative Forecasts Compared to the
November 1996 Baseline Forecast**1995-97 Biennium
(Millions of Dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$8,582.3	\$8,535.9	\$8,466.8
Business and Occupation Use	3,309.1	3,293.4	3,275.7
Public Utility	615.0	612.2	607.9
Property (School Levy)	393.1	392.0	391.6
Real Estate Excise	2,296.6	2,238.4	2,191.8
Other	520.7	515.9	505.4
Subtotal	840.5	823.5	807.0
	16,557.4	16,411.4	16,246.3
Department of Licensing	863.6	850.3	837.0
Insurance Commissioner ¹	315.2	311.7	308.2
Lottery Commission	239.0	221.3	203.6
State Treasurer - Interest Earnings	152.9	138.7	129.9
Liquor Profits and Fees ²	58.2	57.4	56.7
Office of Financial Management			
Other Agencies	(396.4)	(400.1)	(403.8)
Total General Fund - State*	\$17,789.8	\$17,590.7	\$17,378.0
Difference from the November 1996 Baseline	\$199.1		(\$212.7)

¹ Insurance premiums, General Fund-State portion.² Includes beer and wine surtax.

* Detail may not add to total due to rounding.

TABLE 3.19

Cash Basis

**November 1996 Alternative Forecasts Compared to the
November 1996 Baseline Forecast**1997-99 Biennium
(Millions of Dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$9,821.9	\$9,403.2	\$8,908.9
Business and Occupation Use	3,721.0 729.8	3,595.5 703.0	3,454.0 674.7
Public Utility	451.9	438.4	427.7
Property (School Levy)	2,811.3	2,677.4	2,570.3
Real Estate Excise	634.5	572.4	502.7
Other	843.3	809.7	776.6
Subtotal	19,013.7	18,199.7	17,315.0
Department of Licensing	1,001.9	972.7	943.5
Insurance Commissioner ¹	306.9	299.5	292.0
Lottery Commission	291.0	253.0	215.1
State Treasurer - Interest Earnings	159.4	118.5	83.6
Liquor Profits and Fees ²	54.7	53.4	52.0
Office of Financial Management			
Other Agencies	(453.7)	(463.0)	(472.2)
Total General Fund - State*	\$20,373.9	\$19,433.7	\$18,429.0
Difference from the November 1996 Baseline	\$940.1		(\$1,004.8)

¹ Insurance premiums, General Fund-State portion.² Includes beer and wine surtax.

*Detail may not add to total due to rounding.

**Detail Components of the
Washington Economic Forecast
Calendar Years**

TABLE A1.1

U.S. Economic Forecast Summary

Forecast 1996 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Real National Income Accounts (Billions of 1992 Chained Dollars)								
Real Gross Domestic Product	6244.4	6386.4	6608.7	6742.9	6903.7	7063.6	7238.5	7387.8
% Ch	2.7	2.3	3.5	2.0	2.4	2.3	2.5	2.1
Real Consumption	4219.8	4339.5	4473.1	4577.9	4698.3	4831.9	4960.2	5062.0
% Ch	2.8	2.8	3.1	2.3	2.6	2.8	2.7	2.1
Real Nonresidential Fixed Investment	557.9	593.7	652.1	714.3	755.2	785.1	827.8	855.8
% Ch	1.9	6.4	9.8	9.5	5.7	4.0	5.4	3.4
Real Residential Fixed Investment	225.6	242.7	269.0	262.7	279.8	279.8	280.8	283.9
% Ch	16.6	7.6	10.8	-2.3	6.5	-0.0	0.4	1.1
Real Personal Income	5263.8	5338.3	5473.4	5684.2	5866.9	6014.8	6151.7	6273.1
% Ch	2.6	1.4	2.5	3.9	3.2	2.5	2.3	2.0
Real Per Capita Income (\$/Person)	20,580	20,656	20,967	21,565	22,050	22,400	22,707	22,955
% Ch	1.5	0.4	1.5	2.9	2.2	1.6	1.4	1.1
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.000	1.027	1.051	1.076	1.099	1.126	1.155	1.186
% Ch	3.3	2.7	2.4	2.4	2.1	2.5	2.6	2.7
U.S. Consumer Price Index (1982-84= 1.0)	1.404	1.446	1.483	1.525	1.570	1.615	1.660	1.707
% Ch	3.0	3.0	2.6	2.8	3.0	2.9	2.8	2.8
Employment Cost Index (June 1989= 1.0)	1.119	1.152	1.185	1.219	1.262	1.307	1.350	1.392
% Ch	2.9	2.9	2.9	2.9	3.5	3.6	3.3	3.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	6244.4	6553.0	6935.7	7253.8	7580.9	7927.0	8306.5	8685.5
% Ch	5.5	4.9	5.8	4.6	4.5	4.6	4.8	4.6
Personal Income	5264.2	5480.1	5753.1	6115.1	6446.3	6770.9	7103.6	7440.9
% Ch	6.0	4.1	5.0	6.3	5.4	5.0	4.9	4.7
Employment (Millions)								
U.S. Civilian Labor Force	128.1	129.2	131.0	132.3	133.9	135.7	137.3	138.9
Total U.S. Employment	118.5	120.3	123.1	124.9	126.7	128.3	129.9	131.3
Unemployment Rate (%)	7.49	6.91	6.10	5.59	5.39	5.40	5.41	5.50
Wage and Salary Employment	108.59	110.73	114.15	117.20	119.51	121.18	123.12	125.03
% Ch	0.3	2.0	3.1	2.7	2.0	1.4	1.6	1.5
Manufacturing	18.11	18.08	18.32	18.47	18.27	18.03	17.89	17.87
% Ch	-1.6	-0.2	1.4	0.8	-1.1	-1.3	-0.8	-0.1
Durable Manufacturing	10.28	10.22	10.45	10.65	10.67	10.49	10.36	10.31
% Ch	-2.7	-0.5	2.2	2.0	0.1	-1.6	-1.3	-0.5
Nondurable Manufacturing	7.83	7.85	7.87	7.82	7.60	7.53	7.53	7.56
% Ch	-0.1	0.4	0.3	-0.7	-2.7	-0.9	-0.0	0.4
Nonmanufacturing	90.49	92.65	95.83	98.73	101.25	103.15	105.23	107.16
% Ch	0.7	2.4	3.4	3.0	2.5	1.9	2.0	1.8
Services	29.05	30.19	31.57	33.10	34.35	35.32	36.42	37.48
% Ch	2.5	3.9	4.6	4.8	3.8	2.8	3.1	2.9
Miscellaneous Indicators								
Auto Sales (Millions)	8.2	8.5	9.0	8.7	8.7	8.5	8.5	8.4
% Ch	0.4	3.7	5.5	-3.5	-0.0	-2.3	0.4	-0.8
Housing Starts (Millions)	1.201	1.292	1.446	1.358	1.485	1.374	1.363	1.377
% Ch	19.1	7.5	12.0	-6.1	9.4	-7.5	-0.8	1.0
Federal Budget Surplus (Billions)	-280.9	-255.6	-190.2	-161.7	-130.2	-130.0	-121.5	-115.6
Net Exports (Billions)	-29.6	-62.7	-94.4	-94.7	-100.0	-119.6	-125.0	-116.2
3-Month Treasury Bill Rate (%)	3.43	3.00	4.25	5.49	5.05	5.51	5.39	5.21
30-Year U.S. Govt. Bond Rate (%)	7.67	6.60	7.37	6.88	6.77	6.95	6.82	6.63
Mortgage Rate (%)	8.40	7.33	8.36	7.96	7.91	8.28	8.15	7.95

TABLE A1.2

U.S. Economic Forecast Summary

Forecast 1996 to 1999

	1994:1	1994:2	1994:3	1994:4	1995:1	1995:2	1995:3	1995:4
Real National Income Accounts (Billions of 1992 Chained Dollars)								
Real Gross Domestic Product	6508.5	6587.6	6644.9	6693.9	6701.0	6713.5	6776.4	6780.7
% Ch	2.5	5.0	3.5	3.0	0.4	0.7	3.8	0.3
Real Consumption	4420.5	4458.7	4489.4	4524.0	4534.8	4569.9	4597.3	4609.4
% Ch	2.8	3.5	2.8	3.1	1.0	3.1	2.4	1.1
Real Nonresidential Fixed Investment	628.5	639.5	660.5	679.7	704.4	710.5	719.0	723.3
% Ch	7.2	7.2	13.8	12.1	15.3	3.5	4.9	2.4
Real Residential Fixed Investment	263.6	271.6	270.3	270.3	265.9	256.5	262.2	266.3
% Ch	12.8	12.7	-1.9	0.0	-6.4	-13.4	9.2	6.4
Real Personal Income	5343.3	5481.5	5505.4	5563.3	5627.5	5650.6	5702.1	5756.7
% Ch	-5.6	10.7	1.8	4.3	4.7	1.7	3.7	3.9
Real Per Capita Income (\$/Person)	20,546	21,025	21,065	21,234	21,427	21,464	21,608	21,763
% Ch	-6.5	9.7	0.8	3.3	3.7	0.7	2.7	2.9
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.041	1.047	1.055	1.061	1.067	1.075	1.078	1.083
% Ch	2.3	2.3	3.1	2.3	2.3	3.0	1.1	1.9
U.S. Consumer Price Index (1982-84= 1.0)	1.467	1.477	1.490	1.499	1.509	1.522	1.530	1.539
% Ch	2.0	2.6	3.8	2.3	2.9	3.4	2.0	2.4
Employment Cost Index (June 1989= 1.0)	1.172	1.181	1.190	1.197	1.206	1.215	1.224	1.232
% Ch	2.4	3.1	3.1	2.4	3.0	3.0	3.0	2.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	6776.0	6890.5	6993.1	7083.2	7149.8	7204.9	7309.8	7350.6
% Ch	5.3	6.9	6.1	5.3	3.8	3.1	6.0	2.3
Personal Income	5562.4	5739.1	5808.2	5902.7	6004.5	6074.4	6146.9	6234.5
% Ch	-3.4	13.3	4.9	6.7	7.1	4.7	4.9	5.8
Employment (Millions)								
U.S. Civilian Labor Force	130.6	130.7	131.1	131.7	132.2	132.2	132.4	132.4
Total U.S. Employment	122.0	122.6	123.3	124.4	124.9	124.7	124.9	125.1
Unemployment Rate (%)	6.63	6.20	6.00	5.57	5.53	5.63	5.63	5.57
Wage and Salary Employment	112.62	113.69	114.69	115.61	116.48	116.96	117.44	117.93
% Ch	2.9	3.8	3.6	3.3	3.1	1.6	1.7	1.7
Manufacturing	18.17	18.27	18.37	18.47	18.55	18.52	18.43	18.37
% Ch	1.6	2.2	2.3	2.2	1.7	-0.7	-1.9	-1.5
Durable Manufacturing	10.32	10.40	10.49	10.58	10.65	10.67	10.65	10.64
% Ch	2.8	3.3	3.4	3.5	2.9	0.5	-0.7	-0.3
Nondurable Manufacturing	7.85	7.87	7.88	7.90	7.90	7.86	7.78	7.72
% Ch	0.1	0.8	0.9	0.5	0.2	-2.2	-3.6	-3.1
Nonmanufacturing	94.46	95.42	96.32	97.14	97.93	98.43	99.01	99.56
% Ch	3.1	4.1	3.8	3.5	3.3	2.1	2.4	2.3
Services	30.91	31.36	31.81	32.21	32.64	32.95	33.25	33.56
% Ch	3.6	5.9	5.9	5.2	5.5	3.8	3.7	3.7
Miscellaneous Indicators								
Auto Sales (Millions)	9.1	9.0	9.0	8.9	8.6	8.5	8.9	8.7
% Ch	12.6	-4.0	3.1	-5.6	-14.4	-2.1	21.8	-12.4
Housing Starts (Millions)	1.380	1.466	1.456	1.482	1.311	1.293	1.417	1.411
% Ch	-14.1	27.3	-2.8	7.3	-38.8	-5.4	44.4	-1.7
Federal Budget Surplus (Billions)	-212.7	-169.6	-188.5	-190.1	-172.6	-161.1	-158.5	-154.5
Net Exports (Billions)	-78.8	-93.0	-107.0	-98.7	-108.7	-115.3	-87.6	-67.2
3-Month Treasury Bill Rate (%)	3.24	3.99	4.48	5.28	5.74	5.60	5.37	5.26
30-Year U.S. Govt. Bond Rate (%)	6.56	7.36	7.59	7.96	7.64	6.96	6.71	6.23
Mortgage Rate (%)	7.30	8.44	8.59	9.10	8.81	7.95	7.70	7.35

TABLE A1.2

U.S. Economic Forecast Summary

Forecast 1996 to 1999

	1996:1	1996:2	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4
Real National Income Accounts (Billions of 1992 Chained Dollars)								
Real Gross Domestic Product	6814.3	6892.6	6932.6	6975.2	7009.4	7039.8	7080.8	7124.4
% Ch	2.0	4.7	2.3	2.5	2.0	1.7	2.3	2.5
Real Consumption	4649.1	4687.6	4707.7	4748.7	4787.0	4809.5	4847.9	4883.2
% Ch	3.5	3.4	1.7	3.5	3.3	1.9	3.2	2.9
Real Nonresidential Fixed Investment	743.5	750.5	760.7	766.2	770.0	780.4	789.2	800.6
% Ch	11.6	3.8	5.6	2.9	2.0	5.5	4.6	5.9
Real Residential Fixed Investment	271.1	281.5	282.1	284.4	282.9	280.1	278.1	277.8
% Ch	7.4	16.3	0.8	3.4	-2.1	-3.9	-2.8	-0.4
Real Personal Income	5792.9	5850.7	5900.4	5923.7	5969.5	6001.9	6033.9	6053.7
% Ch	2.5	4.1	3.4	1.6	3.1	2.2	2.1	1.3
Real Per Capita Income (\$/Person)	21,848	22,015	22,151	22,187	22,307	22,378	22,446	22,469
% Ch	1.6	3.1	2.5	0.7	2.2	1.3	1.2	0.4
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.089	1.096	1.101	1.109	1.116	1.122	1.129	1.136
% Ch	2.2	2.6	1.8	2.8	2.5	2.4	2.4	2.4
U.S. Consumer Price Index (1982-84= 1.0)	1.551	1.566	1.575	1.588	1.600	1.610	1.620	1.630
% Ch	3.2	3.8	2.4	3.3	2.9	2.6	2.6	2.6
Employment Cost Index (June 1989= 1.0)	1.245	1.256	1.267	1.280	1.291	1.302	1.312	1.324
% Ch	4.3	3.6	3.6	4.1	3.5	3.3	3.4	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	7426.8	7545.1	7628.6	7723.3	7809.8	7886.2	7970.6	8041.5
% Ch	4.2	6.5	4.5	5.1	4.6	4.0	4.3	3.6
Personal Income	6308.5	6412.4	6496.4	6567.8	6660.2	6736.5	6812.2	6874.7
% Ch	4.8	6.8	5.3	4.5	5.7	4.7	4.6	3.7
Employment (Millions)								
U.S. Civilian Labor Force	133.2	133.6	134.1	134.6	135.1	135.5	135.9	136.3
Total U.S. Employment	125.7	126.4	127.1	127.5	127.8	128.2	128.5	128.9
Unemployment Rate (%)	5.63	5.43	5.23	5.25	5.34	5.39	5.43	5.45
Wage and Salary Employment	118.46	119.27	119.91	120.40	120.69	120.99	121.35	121.67
% Ch	1.8	2.8	2.2	1.6	1.0	1.0	1.2	1.1
Manufacturing	18.31	18.29	18.24	18.23	18.14	18.06	17.99	17.91
% Ch	-1.3	-0.3	-1.2	-0.2	-1.9	-1.8	-1.6	-1.7
Durable Manufacturing	10.64	10.68	10.67	10.67	10.60	10.53	10.46	10.39
% Ch	-0.0	1.3	-0.1	-0.1	-2.6	-2.8	-2.5	-2.5
Nondurable Manufacturing	7.67	7.62	7.56	7.56	7.54	7.53	7.53	7.52
% Ch	-3.0	-2.5	-2.8	-0.3	-0.8	-0.5	-0.2	-0.5
Nonmanufacturing	100.15	100.98	101.68	102.17	102.55	102.93	103.36	103.76
% Ch	2.4	3.3	2.8	2.0	1.5	1.5	1.7	1.6
Services	33.88	34.26	34.53	34.75	34.97	35.19	35.43	35.69
% Ch	3.9	4.6	3.2	2.6	2.5	2.6	2.7	3.0
Miscellaneous Indicators								
Auto Sales (Millions)	8.6	8.8	8.6	8.7	8.6	8.5	8.4	8.4
% Ch	-1.3	7.1	-7.5	2.2	-3.9	-4.4	-2.3	0.2
Housing Starts (Millions)	1.469	1.493	1.487	1.493	1.418	1.374	1.353	1.350
% Ch	17.3	6.8	-1.6	1.7	-18.6	-12.0	-6.0	-0.7
Federal Budget Surplus (Billions)	-155.2	-126.7	-122.9	-116.0	-119.1	-116.2	-134.5	-150.2
Net Exports (Billions)	-86.3	-99.2	-103.7	-110.8	-114.7	-119.4	-124.1	-120.0
3-Month Treasury Bill Rate (%)	4.93	5.02	5.10	5.14	5.38	5.53	5.63	5.51
30-Year U.S. Govt. Bond Rate (%)	6.30	6.93	6.96	6.90	7.06	6.94	6.93	6.87
Mortgage Rate (%)	7.24	8.11	8.15	8.14	8.26	8.31	8.30	8.25

TABLE A1.2
U.S. Economic Forecast Summary
 Forecast 1996 to 1999

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Real National Income Accounts (Billions of 1992 Chained Dollars)								
Real Gross Domestic Product	7179.7	7220.9	7259.3	7294.2	7328.2	7365.5	7410.4	7447.1
% Ch	3.1	2.3	2.1	1.9	1.9	2.1	2.5	2.0
Real Consumption	4919.5	4945.8	4974.4	5001.2	5027.6	5047.9	5073.9	5098.8
% Ch	3.0	2.2	2.3	2.2	2.1	1.6	2.1	2.0
Real Nonresidential Fixed Investment	813.7	825.4	833.6	838.5	840.4	849.0	861.4	872.6
% Ch	6.7	5.9	4.0	2.4	0.9	4.1	6.0	5.3
Real Residential Fixed Investment	279.9	281.1	281.1	281.2	282.3	283.6	284.5	285.0
% Ch	2.9	1.8	0.0	0.0	1.7	1.8	1.3	0.7
Real Personal Income	6103.8	6140.2	6169.1	6193.7	6230.2	6261.1	6288.8	6312.3
% Ch	3.4	2.4	1.9	1.6	2.4	2.0	1.8	1.5
Real Per Capita Income (\$/Person)	22,605	22,690	22,746	22,787	22,872	22,935	22,987	23,024
% Ch	2.4	1.5	1.0	0.7	1.5	1.1	0.9	0.6
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.143	1.151	1.159	1.166	1.174	1.182	1.190	1.199
% Ch	2.7	2.7	2.7	2.7	2.6	2.8	2.9	2.9
U.S. Consumer Price Index (1982-84= 1.0)	1.642	1.654	1.666	1.677	1.688	1.700	1.713	1.726
% Ch	2.9	2.9	2.8	2.8	2.7	2.9	3.0	3.1
Employment Cost Index (June 1989= 1.0)	1.334	1.345	1.355	1.365	1.376	1.387	1.398	1.409
% Ch	3.2	3.2	3.2	3.0	3.1	3.2	3.1	3.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	8168.6	8262.2	8353.6	8441.4	8538.0	8631.9	8737.2	8834.7
% Ch	6.5	4.7	4.5	4.3	4.7	4.5	5.0	4.5
Personal Income	6977.6	7066.5	7147.3	7223.1	7312.3	7399.4	7484.9	7566.9
% Ch	6.1	5.2	4.6	4.3	5.0	4.9	4.7	4.5
Employment (Millions)								
U.S. Civilian Labor Force	136.7	137.1	137.5	138.0	138.4	138.7	139.1	139.5
Total U.S. Employment	129.3	129.7	130.1	130.5	130.8	131.1	131.4	131.8
Unemployment Rate (%)	5.41	5.39	5.40	5.43	5.47	5.51	5.51	5.52
Wage and Salary Employment	122.27	122.90	123.43	123.89	124.32	124.73	125.27	125.80
% Ch	2.0	2.1	1.7	1.5	1.4	1.3	1.8	1.7
Manufacturing	17.88	17.89	17.90	17.89	17.87	17.87	17.87	17.86
% Ch	-0.7	0.1	0.3	-0.3	-0.3	-0.1	0.0	-0.3
Durable Manufacturing	10.37	10.36	10.36	10.34	10.32	10.31	10.31	10.29
% Ch	-1.1	-0.0	0.0	-0.9	-0.9	-0.4	-0.1	-0.5
Nondurable Manufacturing	7.52	7.52	7.54	7.54	7.55	7.56	7.56	7.56
% Ch	-0.1	0.3	0.6	0.5	0.5	0.2	0.3	0.0
Nonmanufacturing	104.39	105.01	105.53	106.01	106.45	106.86	107.40	107.94
% Ch	2.5	2.4	2.0	1.8	1.7	1.5	2.0	2.0
Services	35.99	36.28	36.57	36.84	37.10	37.35	37.60	37.86
% Ch	3.3	3.4	3.1	3.1	2.8	2.7	2.7	2.8
Miscellaneous Indicators								
Auto Sales (Millions)	8.5	8.5	8.5	8.5	8.5	8.5	8.4	8.4
% Ch	2.8	1.7	-0.1	-1.2	0.1	-1.9	-2.3	-1.3
Housing Starts (Millions)	1.368	1.366	1.357	1.360	1.372	1.378	1.378	1.378
% Ch	5.3	-0.7	-2.4	0.9	3.4	1.8	-0.0	-0.1
Federal Budget Surplus (Billions)	-132.3	-123.2	-115.4	-115.1	-120.2	-120.2	-114.1	-108.1
Net Exports (Billions)	-120.3	-126.6	-129.7	-123.5	-117.1	-117.7	-119.1	-110.9
3-Month Treasury Bill Rate (%)	5.41	5.42	5.42	5.32	5.21	5.21	5.21	5.21
30-Year U.S. Govt. Bond Rate (%)	6.83	6.84	6.85	6.77	6.66	6.62	6.61	6.62
Mortgage Rate (%)	8.18	8.16	8.17	8.11	8.00	7.94	7.93	7.93

TABLE A1.3

Washington Economic Forecast Summary

Forecast 1996 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Real Income (Billions of 1992 Chained Dollars)								
Real Personal Income	110.444	112.792	115.695	120.018	125.053	129.765	134.300	138.655
% Ch	4.4	2.1	2.6	3.7	4.2	3.8	3.5	3.2
Real Wage and Salary Disb.	62.909	62.941	64.348	66.546	69.877	72.756	75.351	77.739
% Ch	5.0	0.1	2.2	3.4	5.0	4.1	3.6	3.2
Real Nonwage Income	47.534	49.850	51.347	53.472	55.176	57.009	58.949	60.916
% Ch	3.6	4.9	3.0	4.1	3.2	3.3	3.4	3.3
Real Per Capita Income (\$/Person)	21,388	21,378	21,543	21,971	22,527	22,984	23,311	23,558
% Ch	2.0	-0.0	0.8	2.0	2.5	2.0	1.4	1.1
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.000	1.027	1.051	1.076	1.099	1.126	1.155	1.186
% Ch	3.3	2.7	2.4	2.4	2.1	2.5	2.6	2.7
Seattle Cons. Price Index (1982-84= 1.0)	1.390	1.429	1.478	1.523	1.567	1.614	1.665	1.720
% Ch	3.7	2.8	3.4	3.0	2.9	3.0	3.2	3.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	13.78	14.01	14.20	14.80	14.63	14.93	15.26	15.61
% Ch	3.3	1.7	1.4	4.3	-1.2	2.1	2.2	2.3
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	109.511	114.626	120.958	128.544	136.433	145.196	154.209	163.557
% Ch	7.7	4.7	5.5	6.3	6.1	6.4	6.2	6.1
Personal Income	110.461	115.788	121.606	129.117	137.403	146.083	155.086	164.472
% Ch	7.9	4.8	5.0	6.2	6.4	6.3	6.2	6.1
Disposable Personal Income	96.810	101.212	106.145	112.346	119.073	127.021	135.106	143.278
% Ch	8.2	4.5	4.9	5.8	6.0	6.7	6.4	6.0
Per Capita Income (\$/Person)	21,391	21,945	22,643	23,636	24,751	25,873	26,918	27,944
% Ch	5.4	2.6	3.2	4.4	4.7	4.5	4.0	3.8
Employment (Thousands)								
Washington Civilian Labor Force	2648.2	2701.2	2707.2	2805.4	2865.2	2913.0	2989.8	3068.1
Total Washington Employment	2446.4	2495.3	2533.9	2626.3	2693.2	2747.0	2824.4	2899.3
Unemployment Rate (%)	7.61	7.62	6.40	6.38	6.00	5.70	5.53	5.50
Wage and Salary Employment	2221.9	2251.7	2304.1	2345.6	2400.1	2471.1	2544.6	2615.9
% Ch	2.0	1.3	2.3	1.8	2.3	3.0	3.0	2.8
Manufacturing	347.2	340.8	336.9	331.4	344.4	363.8	373.2	380.4
% Ch	-1.3	-1.8	-1.1	-1.6	3.9	5.6	2.6	1.9
Durable Manufacturing	245.6	237.4	230.6	223.7	233.6	250.2	257.4	262.3
% Ch	-2.4	-3.4	-2.9	-3.0	4.4	7.1	2.9	1.9
Aerospace	111.9	102.7	91.8	80.2	85.8	100.1	105.0	107.1
% Ch	-3.2	-8.2	-10.6	-12.7	7.0	16.6	4.9	2.0
Nondurable Manufacturing	101.6	103.4	106.3	107.8	110.8	113.6	115.8	118.0
% Ch	1.4	1.8	2.8	1.4	2.8	2.5	1.9	2.0
Nonmanufacturing	1874.7	1910.9	1967.2	2014.1	2055.7	2107.2	2171.5	2235.5
% Ch	2.7	1.9	2.9	2.4	2.1	2.5	3.0	3.0
Construction	119.2	119.1	123.0	121.2	123.7	124.5	126.6	128.3
% Ch	0.9	-0.1	3.3	-1.4	2.0	0.7	1.7	1.4
Services	557.8	576.7	598.0	621.4	647.9	674.9	702.4	730.3
% Ch	4.1	3.4	3.7	3.9	4.3	4.2	4.1	4.0
Housing Indicators								
Housing Units Authorized (Thousands)	39.682	41.342	44.034	38.160	42.664	42.521	45.833	46.890
% Ch	20.2	4.2	6.5	-13.3	11.8	-0.3	7.8	2.3
Mortgage Rate (%)	8.40	7.33	8.36	7.96	7.91	8.28	8.15	7.95

TABLE A1.4

Washington Economic Forecast Summary

Forecast 1996 to 1999

	1994:1	1994:2	1994:3	1994:4	1995:1	1995:2	1995:3	1995:4
Real Income (Billions of 1992 Chained Dollars)								
Real Personal Income	113.729	115.657	115.640	117.753	118.035	119.548	121.194	121.297
% Ch	-2.3	7.0	-0.1	7.5	1.0	5.2	5.6	0.3
Real Wage and Salary Disb.	63.371	64.554	64.113	65.352	65.238	66.351	67.536	67.059
% Ch	0.2	7.7	-2.7	8.0	-0.7	7.0	7.3	-2.8
Real Nonwage Income	50.358	51.103	51.527	52.401	52.797	53.196	53.658	54.238
% Ch	-5.3	6.0	3.4	7.0	3.1	3.1	3.5	4.4
Real Per Capita Income (\$/Person)	21,320	21,585	21,486	21,782	21,738	21,929	22,142	22,074
% Ch	-4.0	5.1	-1.8	5.6	-0.8	3.6	4.0	-1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.041	1.047	1.055	1.061	1.067	1.075	1.078	1.083
% Ch	2.3	2.3	3.1	2.3	2.3	3.0	1.1	1.9
Seattle Cons. Price Index (1982-84= 1.0)	1.457	1.471	1.487	1.497	1.506	1.518	1.527	1.539
% Ch	3.2	3.7	4.4	2.9	2.5	3.0	2.6	3.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	14.04	14.09	14.21	14.46	15.03	15.06	15.19	13.94
% Ch	-3.1	1.4	3.4	7.1	16.8	0.7	3.5	-28.9
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	117.760	120.475	121.534	124.063	125.508	128.063	130.084	130.520
% Ch	3.6	9.5	3.6	8.6	4.7	8.4	6.5	1.3
Personal Income	118.392	121.093	122.000	124.936	125.944	128.514	130.647	131.365
% Ch	-0.0	9.4	3.0	10.0	3.3	8.4	6.8	2.2
Disposable Personal Income	103.374	105.463	106.639	109.102	109.793	111.557	113.677	114.356
% Ch	0.2	8.3	4.5	9.6	2.6	6.6	7.8	2.4
Per Capita Income (\$/Person)	22,194	22,599	22,668	23,111	23,194	23,573	23,870	23,906
% Ch	-1.7	7.5	1.2	8.0	1.5	6.7	5.1	0.6
Employment (Thousands)								
Washington Civilian Labor Force	2703.3	2690.4	2704.6	2730.3	2781.1	2802.2	2815.1	2823.0
Total Washington Employment	2521.5	2514.6	2538.2	2561.4	2606.7	2622.3	2633.0	2643.1
Unemployment Rate (%)	6.73	6.53	6.15	6.19	6.27	6.42	6.47	6.37
Wage and Salary Employment	2282.5	2293.9	2313.0	2327.1	2339.0	2345.7	2352.3	2345.3
% Ch	1.6	2.0	3.4	2.5	2.1	1.2	1.1	-1.2
Manufacturing	336.2	335.7	337.0	338.7	339.8	336.9	332.4	316.7
% Ch	-2.1	-0.5	1.5	2.0	1.3	-3.3	-5.3	-17.6
Durable Manufacturing	231.0	229.6	230.3	231.4	232.1	229.2	224.6	208.7
% Ch	-4.1	-2.5	1.2	2.0	1.2	-4.8	-7.8	-25.5
Aerospace	94.3	91.7	90.9	90.4	89.4	86.6	80.5	64.3
% Ch	-14.1	-10.7	-3.2	-2.2	-4.5	-11.9	-25.4	-59.3
Nondurable Manufacturing	105.2	106.2	106.7	107.3	107.7	107.7	107.8	108.0
% Ch	2.7	3.9	2.1	2.0	1.6	0.1	0.2	0.8
Nonmanufacturing	1946.3	1958.2	1976.0	1988.4	1999.2	2008.7	2020.0	2028.6
% Ch	2.3	2.5	3.7	2.5	2.2	1.9	2.3	1.7
Construction	122.7	123.3	123.5	122.6	122.3	122.1	121.2	119.4
% Ch	-0.8	2.2	0.5	-2.9	-1.0	-0.6	-2.9	-5.6
Services	587.8	593.6	603.1	607.6	610.8	618.2	625.9	630.6
% Ch	2.4	3.9	6.6	3.0	2.2	4.9	5.1	3.0
Housing Indicators								
Housing Units Authorized (Thousands)	44.099	43.542	45.484	43.011	37.539	40.302	33.620	41.179
% Ch	-28.4	-5.0	19.1	-20.0	-42.0	32.9	-51.6	125.1
Mortgage Rate (%)	7.30	8.44	8.59	9.10	8.81	7.95	7.70	7.35

TABLE A1.4

Washington Economic Forecast Summary

Forecast 1996 to 1999

	1996:1	1996:2	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4
Real Income (Billions of 1992 Chained Dollars)								
Real Personal Income	123.072	124.700	125.743	126.696	128.034	129.206	130.308	131.511
% Ch	6.0	5.4	3.4	3.1	4.3	3.7	3.5	3.7
Real Wage and Salary Disb.	68.277	69.774	70.391	71.066	71.748	72.411	73.057	73.807
% Ch	7.5	9.1	3.6	3.9	3.9	3.7	3.6	4.2
Real Nonwage Income	54.795	54.926	55.353	55.630	56.285	56.795	57.251	57.704
% Ch	4.2	1.0	3.1	2.0	4.8	3.7	3.2	3.2
Real Per Capita Income (\$/Person)	22,309	22,511	22,606	22,684	22,832	22,942	23,031	23,130
% Ch	4.3	3.7	1.7	1.4	2.6	1.9	1.6	1.7
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.089	1.096	1.101	1.109	1.116	1.122	1.129	1.136
% Ch	2.2	2.6	1.8	2.8	2.5	2.4	2.4	2.4
Seattle Cons. Price Index (1982-84= 1.0)	1.549	1.563	1.571	1.584	1.596	1.608	1.619	1.631
% Ch	2.8	3.4	2.2	3.3	3.1	2.9	2.9	3.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	14.50	14.55	14.72	14.72	14.80	14.88	14.96	15.05
% Ch	17.0	1.4	4.7	-0.0	2.1	2.2	2.2	2.4
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	132.947	135.743	137.491	139.552	141.938	144.126	146.236	148.485
% Ch	7.6	8.7	5.3	6.1	7.0	6.3	6.0	6.3
Personal Income	134.025	136.671	138.444	140.472	142.849	145.020	147.117	149.348
% Ch	8.4	8.1	5.3	6.0	6.9	6.2	5.9	6.2
Disposable Personal Income	116.498	118.116	119.909	121.772	124.035	125.801	128.110	130.138
% Ch	7.7	5.7	6.2	6.4	7.6	5.8	7.5	6.5
Per Capita Income (\$/Person)	24,294	24,672	24,889	25,150	25,474	25,750	26,002	26,267
% Ch	6.7	6.4	3.6	4.3	5.2	4.4	4.0	4.1
Employment (Thousands)								
Washington Civilian Labor Force	2843.1	2863.3	2881.5	2873.1	2887.5	2904.1	2921.3	2939.0
Total Washington Employment	2671.9	2684.8	2711.2	2704.9	2720.8	2738.3	2755.7	2773.1
Unemployment Rate (%)	6.02	6.23	5.91	5.85	5.78	5.71	5.67	5.65
Wage and Salary Employment	2375.3	2382.9	2411.1	2431.1	2446.1	2462.8	2479.4	2495.9
% Ch	5.2	1.3	4.8	3.3	2.5	2.8	2.7	2.7
Manufacturing	338.5	338.4	347.0	353.6	358.2	362.7	365.9	368.4
% Ch	30.5	-0.1	10.6	7.8	5.3	5.2	3.5	2.8
Durable Manufacturing	228.1	228.6	236.2	241.3	245.3	249.4	252.0	254.1
% Ch	42.8	0.8	13.9	9.0	6.8	6.8	4.4	3.3
Aerospace	80.8	82.3	87.8	92.4	95.8	99.5	101.8	103.4
% Ch	150.1	7.4	29.8	22.4	15.8	16.2	9.5	6.3
Nondurable Manufacturing	110.3	109.8	110.8	112.3	112.9	113.4	113.8	114.3
% Ch	9.1	-2.0	3.9	5.4	2.1	1.7	1.7	1.7
Nonmanufacturing	2036.8	2044.5	2064.1	2077.4	2087.9	2100.1	2113.5	2127.5
% Ch	1.6	1.5	3.9	2.6	2.0	2.3	2.6	2.7
Construction	122.0	124.1	124.0	124.6	124.1	124.2	124.6	125.1
% Ch	9.0	6.8	-0.2	2.0	-1.7	0.4	1.2	1.5
Services	636.6	642.1	652.0	661.0	666.1	671.6	677.4	684.3
% Ch	3.8	3.5	6.3	5.7	3.1	3.3	3.5	4.1
Housing Indicators								
Housing Units Authorized (Thousands)	46.000	42.925	40.587	41.145	42.031	41.947	42.384	43.723
% Ch	55.7	-24.2	-20.1	5.6	8.9	-0.8	4.2	13.2
Mortgage Rate (%)	7.24	8.11	8.15	8.14	8.26	8.31	8.30	8.25

TABLE A1.4

Washington Economic Forecast Summary

Forecast 1996 to 1999

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Real Income (Billions of 1992 Chained Dollars)								
Real Personal Income	132.675	133.812	134.860	135.852	137.055	138.184	139.215	140.166
% Ch	3.6	3.5	3.2	3.0	3.6	3.3	3.0	2.8
Real Wage and Salary Disb.	74.466	75.048	75.648	76.243	76.917	77.490	78.015	78.534
% Ch	3.6	3.2	3.2	3.2	3.6	3.0	2.7	2.7
Real Nonwage Income	58.209	58.764	59.212	59.609	60.138	60.695	61.200	61.632
% Ch	3.5	3.9	3.1	2.7	3.6	3.8	3.4	2.9
Real Per Capita Income (\$/Person)	23,215	23,290	23,347	23,392	23,473	23,540	23,591	23,630
% Ch	1.5	1.3	1.0	0.8	1.4	1.2	0.9	0.7
Price and Wage Indexes								
U.S. Implicit Price Deflator (Chain-Wt., 1992= 1.0)	1.143	1.151	1.159	1.166	1.174	1.182	1.190	1.199
% Ch	2.7	2.7	2.7	2.7	2.6	2.8	2.9	2.9
Seattle Cons. Price Index (1982-84= 1.0)	1.644	1.658	1.671	1.685	1.698	1.712	1.727	1.742
% Ch	3.3	3.3	3.3	3.3	3.1	3.4	3.5	3.6
Avg. Hourly Earnings-Mfg. (\$/Hour)	15.14	15.22	15.30	15.39	15.47	15.56	15.65	15.74
% Ch	2.2	2.2	2.2	2.2	2.3	2.4	2.3	2.4
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	150.803	153.127	155.364	157.542	159.958	162.398	164.775	167.098
% Ch	6.4	6.3	6.0	5.7	6.3	6.2	6.0	5.8
Personal Income	151.668	154.000	156.245	158.431	160.860	163.309	165.694	168.025
% Ch	6.4	6.3	6.0	5.7	6.3	6.2	6.0	5.7
Disposable Personal Income	132.177	134.128	136.125	137.994	140.209	142.277	144.336	146.290
% Ch	6.4	6.0	6.1	5.6	6.6	6.0	5.9	5.5
Per Capita Income (\$/Person)	26,538	26,804	27,049	27,280	27,550	27,820	28,078	28,326
% Ch	4.2	4.1	3.7	3.5	4.0	4.0	3.8	3.6
Employment (Thousands)								
Washington Civilian Labor Force	2959.0	2979.7	3000.1	3020.4	3040.2	3058.4	3077.5	3096.5
Total Washington Employment	2793.9	2814.8	2834.7	2854.0	2872.7	2889.4	2908.3	2927.0
Unemployment Rate (%)	5.58	5.53	5.51	5.51	5.51	5.52	5.50	5.47
Wage and Salary Employment	2515.7	2535.5	2554.5	2572.8	2590.6	2606.5	2624.4	2642.2
% Ch	3.2	3.2	3.0	2.9	2.8	2.5	2.8	2.7
Manufacturing	370.5	372.3	374.1	375.7	377.5	379.4	381.4	383.2
% Ch	2.3	2.0	2.0	1.8	1.9	2.0	2.1	1.9
Durable Manufacturing	255.6	256.8	258.1	259.1	260.3	261.6	263.1	264.4
% Ch	2.4	1.9	1.9	1.7	1.9	2.0	2.2	2.0
Aerospace	104.2	104.8	105.3	105.8	106.3	106.9	107.4	107.9
% Ch	3.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nondurable Manufacturing	114.9	115.5	116.1	116.6	117.2	117.7	118.3	118.8
% Ch	2.0	2.1	2.1	1.9	2.0	1.9	1.9	1.8
Nonmanufacturing	2145.2	2163.2	2180.4	2197.1	2213.0	2227.1	2243.0	2259.0
% Ch	3.4	3.4	3.2	3.1	2.9	2.6	2.9	2.9
Construction	125.6	126.3	127.0	127.5	127.7	128.0	128.5	129.1
% Ch	1.6	2.3	2.3	1.5	0.7	0.9	1.5	1.9
Services	691.3	698.8	706.1	713.4	720.1	726.8	733.6	740.5
% Ch	4.2	4.4	4.2	4.2	3.8	3.8	3.8	3.8
Housing Indicators								
Housing Units Authorized (Thousands)	44.995	45.734	46.095	46.508	46.973	47.020	46.871	46.695
% Ch	12.2	6.7	3.2	3.6	4.1	0.4	-1.3	-1.5
Mortgage Rate (%)	8.18	8.16	8.17	8.11	8.00	7.94	7.93	7.93

TABLE A2.1
U.S. Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Wage and Salary Employment	108.59	110.73	114.15	117.20	119.51	121.18	123.12	125.03
% Ch	0.3	2.0	3.1	2.7	2.0	1.4	1.6	1.5
Manufacturing	18.11	18.08	18.32	18.47	18.27	18.03	17.89	17.87
% Ch	-1.6	-0.2	1.4	0.8	-1.1	-1.3	-0.8	-0.1
Nondurable Manufacturing	7.83	7.85	7.87	7.82	7.60	7.53	7.53	7.56
% Ch	-0.1	0.4	0.3	-0.7	-2.7	-0.9	-0.0	0.4
Food and Kindred Products	1.66	1.68	1.68	1.68	1.65	1.63	1.62	1.62
% Ch	-0.3	1.0	-0.1	0.1	-1.8	-1.5	-0.4	0.3
Pulp and Paper	0.69	0.69	0.69	0.69	0.68	0.68	0.68	0.69
% Ch	0.4	0.2	0.1	-0.1	-2.2	0.5	0.7	0.6
Apparel	1.01	0.99	0.97	0.93	0.85	0.82	0.82	0.83
% Ch	0.1	-1.8	-1.4	-4.5	-8.8	-2.8	-0.7	1.9
Printing	1.51	1.52	1.54	1.54	1.52	1.51	1.51	1.52
% Ch	-1.9	0.7	1.3	0.4	-1.1	-0.8	0.1	0.5
Chemicals	1.08	1.08	1.06	1.03	1.02	1.02	1.02	1.02
% Ch	0.7	-0.3	-2.2	-2.1	-1.4	-0.4	0.6	-0.1
Other Nondurables	1.88	1.90	1.94	1.93	1.88	1.87	1.87	1.87
% Ch	0.7	1.1	2.0	-0.0	-2.8	-0.4	-0.0	-0.1
Durable Manufacturing	10.28	10.22	10.45	10.65	10.67	10.49	10.36	10.31
% Ch	-2.7	-0.5	2.2	2.0	0.1	-1.6	-1.3	-0.5
Lumber and Wood	0.68	0.71	0.75	0.76	0.76	0.77	0.76	0.76
% Ch	0.7	4.3	6.3	1.4	-0.2	0.6	-0.5	-0.3
Furniture	0.48	0.49	0.50	0.51	0.50	0.50	0.50	0.50
% Ch	0.6	2.0	3.7	0.8	-1.6	0.5	0.2	-0.8
Stone-Clay-Glass	0.51	0.52	0.53	0.54	0.54	0.53	0.52	0.52
% Ch	-1.5	0.7	2.9	1.1	-0.5	-1.1	-1.6	-1.0
Primary Metals	0.70	0.68	0.70	0.71	0.70	0.69	0.68	0.68
% Ch	-3.8	-1.7	2.1	1.8	-0.8	-1.9	-0.9	-0.4
Fabricated Metals	1.33	1.34	1.39	1.44	1.45	1.46	1.45	1.46
% Ch	-1.9	0.7	3.7	3.6	0.9	0.3	-0.0	0.4
Nonelectrical Machinery	1.93	1.93	1.99	2.06	2.08	2.02	1.99	1.99
% Ch	-3.5	0.1	3.0	3.5	1.1	-2.9	-1.4	-0.1
Electrical Machinery	1.53	1.53	1.57	1.62	1.65	1.60	1.56	1.56
% Ch	-4.0	-0.2	2.9	3.4	1.3	-2.9	-2.1	-0.3
Transportation Equipment	1.83	1.76	1.76	1.78	1.77	1.75	1.73	1.72
% Ch	-3.2	-4.0	0.2	1.3	-0.9	-1.2	-0.9	-0.8
Instruments	0.93	0.90	0.86	0.84	0.83	0.81	0.78	0.76
% Ch	-4.7	-3.6	-3.9	-2.8	-0.7	-2.5	-3.9	-2.8
Other Durables	0.37	0.38	0.39	0.39	0.39	0.37	0.36	0.36
% Ch	0.6	2.9	2.8	0.1	-1.0	-3.5	-2.1	-0.2
Nonmanufacturing	90.49	92.65	95.83	98.73	101.25	103.15	105.23	107.16
% Ch	0.7	2.4	3.4	3.0	2.5	1.9	2.0	1.8
Mining	0.63	0.61	0.60	0.58	0.57	0.56	0.55	0.54
% Ch	-8.0	-4.0	-1.5	-3.4	-1.5	-2.2	-2.1	-1.1
Construction	4.49	4.66	4.98	5.16	5.40	5.48	5.55	5.60
% Ch	-3.5	3.8	6.8	3.6	4.6	1.6	1.2	1.0
Trans., Comm. and Utilities	5.72	5.83	5.99	6.17	6.32	6.38	6.43	6.48
% Ch	-0.7	1.9	2.8	2.9	2.6	0.9	0.8	0.8
Wholesale Trade	6.00	5.98	6.16	6.41	6.58	6.69	6.83	6.94
% Ch	-1.4	-0.3	3.0	4.0	2.7	1.6	2.1	1.6
Retail Trade	19.35	19.78	20.51	21.17	21.57	21.95	22.38	22.69
% Ch	0.4	2.2	3.7	3.3	1.9	1.8	1.9	1.4
Finance-Insurance-Real Estate	6.60	6.76	6.89	6.83	6.97	7.04	7.10	7.16
% Ch	-0.7	2.3	2.0	-0.9	2.0	1.0	0.9	0.8
Services	29.05	30.19	31.57	33.10	34.35	35.32	36.42	37.48
% Ch	2.5	3.9	4.6	4.8	3.8	2.8	3.1	2.9
State and Local Government	15.67	15.92	16.25	16.49	16.72	17.02	17.34	17.67
% Ch	1.5	1.6	2.0	1.5	1.4	1.8	1.9	1.9
Federal Government	2.97	2.91	2.87	2.82	2.76	2.71	2.65	2.62
% Ch	0.0	-1.8	-1.5	-1.7	-2.2	-1.8	-2.2	-1.1

TABLE A2.2
U.S. Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1994:1	1994:2	1994:3	1994:4	1995:1	1995:2	1995:3	1995:4
Wage and Salary Employment	112.62	113.69	114.69	115.61	116.48	116.96	117.44	117.93
% Ch	2.9	3.8	3.6	3.3	3.1	1.6	1.7	1.7
Manufacturing	18.17	18.27	18.37	18.47	18.55	18.52	18.43	18.37
% Ch	1.6	2.2	2.3	2.2	1.7	-0.7	-1.9	-1.5
Nondurable Manufacturing	7.85	7.87	7.88	7.90	7.90	7.86	7.78	7.72
% Ch	0.1	0.8	0.9	0.5	0.2	-2.2	-3.6	-3.1
Food and Kindred Products	1.68	1.68	1.68	1.68	1.69	1.68	1.68	1.68
% Ch	-0.8	-0.6	-0.2	-0.1	2.2	-0.5	-1.7	-0.5
Pulp and Paper	0.69	0.69	0.69	0.69	0.70	0.69	0.69	0.69
% Ch	0.8	0.0	0.4	1.6	0.4	-0.8	-1.5	-2.9
Apparel	0.97	0.97	0.98	0.98	0.96	0.95	0.92	0.89
% Ch	-2.2	1.8	1.8	-1.0	-4.8	-7.4	-9.8	-12.5
Printing	1.53	1.53	1.54	1.54	1.55	1.54	1.54	1.54
% Ch	1.9	1.3	1.3	1.0	1.0	-0.7	-0.9	-1.1
Chemicals	1.07	1.06	1.05	1.05	1.04	1.04	1.03	1.03
% Ch	-2.9	-2.6	-2.6	-2.5	-1.8	-2.0	-2.0	-1.0
Other Nondurables	1.91	1.93	1.94	1.96	1.96	1.95	1.92	1.91
% Ch	2.2	3.2	3.2	2.8	1.4	-3.0	-5.6	-3.3
Durable Manufacturing	10.32	10.40	10.49	10.58	10.65	10.67	10.65	10.64
% Ch	2.8	3.3	3.4	3.5	2.9	0.5	-0.7	-0.3
Lumber and Wood	0.74	0.75	0.76	0.77	0.77	0.76	0.76	0.76
% Ch	7.4	7.2	6.2	3.2	1.7	-3.2	-2.1	0.9
Furniture	0.50	0.50	0.51	0.51	0.52	0.51	0.51	0.50
% Ch	3.9	5.2	5.7	2.1	2.9	-3.8	-4.4	-0.3
Stone-Clay-Glass	0.53	0.53	0.53	0.54	0.54	0.54	0.54	0.54
% Ch	3.6	3.9	2.3	3.0	2.5	-1.0	-2.4	-1.0
Primary Metals	0.69	0.69	0.70	0.71	0.71	0.71	0.71	0.71
% Ch	3.0	1.4	5.3	4.6	1.7	0.6	-2.8	0.8
Fabricated Metals	1.36	1.38	1.40	1.42	1.43	1.44	1.44	1.44
% Ch	3.7	5.1	5.3	5.5	5.4	1.7	-0.7	0.8
Nonelectrical Machinery	1.96	1.99	2.00	2.01	2.04	2.05	2.07	2.08
% Ch	3.8	5.0	2.4	3.7	4.5	3.4	2.1	2.8
Electrical Machinery	1.54	1.56	1.58	1.59	1.61	1.62	1.63	1.64
% Ch	3.1	4.9	4.5	3.7	3.9	2.5	2.1	3.1
Transportation Equipment	1.74	1.75	1.76	1.79	1.80	1.80	1.79	1.75
% Ch	1.3	1.1	3.7	5.7	2.7	-0.6	-2.6	-7.6
Instruments	0.88	0.86	0.86	0.85	0.84	0.84	0.84	0.83
% Ch	-3.3	-4.6	-4.2	-2.8	-3.1	-2.2	-1.1	-2.2
Other Durables	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39
% Ch	3.9	2.8	4.2	-0.3	0.0	-1.4	-2.4	1.4
Nonmanufacturing	94.46	95.42	96.32	97.14	97.93	98.43	99.01	99.56
% Ch	3.1	4.1	3.8	3.5	3.3	2.1	2.4	2.3
Mining	0.61	0.60	0.60	0.59	0.59	0.58	0.58	0.57
% Ch	2.0	-6.2	-0.9	-2.0	-3.5	-4.7	-4.3	-3.7
Construction	4.85	4.97	5.02	5.09	5.13	5.13	5.17	5.21
% Ch	6.2	10.1	4.1	5.3	3.8	-0.3	2.8	3.6
Trans., Comm. and Utilities	5.92	5.96	6.02	6.06	6.11	6.14	6.18	6.23
% Ch	2.7	2.5	4.3	2.7	3.2	2.0	2.5	3.3
Wholesale Trade	6.07	6.13	6.19	6.26	6.34	6.39	6.44	6.48
% Ch	3.2	3.8	4.1	4.7	4.9	3.4	3.0	2.6
Retail Trade	20.17	20.40	20.61	20.84	21.04	21.14	21.23	21.30
% Ch	3.3	4.5	4.1	4.7	3.8	1.9	1.7	1.4
Finance-Insurance-Real Estate	6.91	6.92	6.90	6.85	6.81	6.81	6.83	6.87
% Ch	3.1	0.6	-1.2	-2.5	-2.2	-0.4	1.4	2.4
Services	30.91	31.36	31.81	32.21	32.64	32.95	33.25	33.56
% Ch	3.6	5.9	5.9	5.2	5.5	3.8	3.7	3.7
State and Local Government	16.11	16.21	16.31	16.37	16.43	16.46	16.52	16.55
% Ch	1.8	2.6	2.5	1.4	1.4	0.9	1.4	0.7
Federal Government	2.90	2.87	2.86	2.85	2.84	2.83	2.82	2.80
% Ch	-0.6	-3.1	-1.8	-0.9	-2.3	-0.8	-1.5	-3.4

TABLE A2.2
U.S. Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1996:1	1996:2	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4
Wage and Salary Employment	118.46	119.27	119.91	120.40	120.69	120.99	121.35	121.67
% Ch	1.8	2.8	2.2	1.6	1.0	1.0	1.2	1.1
Manufacturing	18.31	18.29	18.24	18.23	18.14	18.06	17.99	17.91
% Ch	-1.3	-0.3	-1.2	-0.2	-1.9	-1.8	-1.6	-1.7
Nondurable Manufacturing	7.67	7.62	7.56	7.56	7.54	7.53	7.53	7.52
% Ch	-3.0	-2.5	-2.8	-0.3	-0.8	-0.5	-0.2	-0.5
Food and Kindred Products	1.67	1.66	1.64	1.63	1.63	1.63	1.62	1.62
% Ch	-0.3	-3.5	-5.4	-0.6	-1.1	-0.5	-0.8	-0.7
Pulp and Paper	0.68	0.68	0.67	0.67	0.68	0.68	0.68	0.68
% Ch	-2.3	-2.9	-3.0	0.9	2.3	1.0	1.0	0.4
Apparel	0.87	0.85	0.84	0.84	0.83	0.83	0.82	0.82
% Ch	-10.2	-6.7	-6.9	-0.5	-3.0	-2.4	-0.5	-2.6
Printing	1.53	1.53	1.52	1.52	1.51	1.51	1.51	1.51
% Ch	-1.3	-1.3	-0.9	-1.4	-1.1	-0.5	-0.0	-0.2
Chemicals	1.03	1.02	1.02	1.01	1.01	1.02	1.02	1.02
% Ch	-1.0	-1.2	-2.1	-1.2	-0.3	0.4	1.0	0.7
Other Nondurables	1.88	1.88	1.88	1.88	1.88	1.88	1.87	1.87
% Ch	-4.4	-1.1	-0.4	0.9	-0.7	-0.7	-0.7	-0.7
Durable Manufacturing	10.64	10.68	10.67	10.67	10.60	10.53	10.46	10.39
% Ch	-0.0	1.3	-0.1	-0.1	-2.6	-2.8	-2.5	-2.5
Lumber and Wood	0.75	0.76	0.77	0.77	0.77	0.77	0.77	0.77
% Ch	-4.5	5.0	1.2	3.1	-0.1	-0.6	-1.9	-0.4
Furniture	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
% Ch	-2.4	-1.8	0.0	2.4	-0.3	0.5	1.5	-0.3
Stone-Clay-Glass	0.53	0.54	0.53	0.54	0.53	0.53	0.53	0.52
% Ch	-0.2	0.8	-0.8	0.5	-1.0	-2.2	-2.5	-2.5
Primary Metals	0.71	0.71	0.70	0.70	0.70	0.69	0.69	0.69
% Ch	-0.8	-1.1	-1.6	0.0	-2.8	-3.3	-2.0	-1.4
Fabricated Metals	1.44	1.44	1.45	1.46	1.46	1.46	1.45	1.45
% Ch	0.6	0.6	2.7	2.4	-0.8	-0.4	-1.5	-0.4
Nonelectrical Machinery	2.09	2.09	2.08	2.07	2.05	2.03	2.01	2.00
% Ch	1.1	0.4	-1.4	-0.9	-4.5	-4.2	-3.7	-2.8
Electrical Machinery	1.65	1.65	1.65	1.64	1.62	1.61	1.59	1.57
% Ch	2.2	0.3	-0.2	-3.6	-3.6	-3.2	-4.1	-4.0
Transportation Equipment	1.75	1.77	1.77	1.78	1.77	1.75	1.74	1.73
% Ch	-0.8	5.4	0.6	0.6	-2.2	-3.6	-2.1	-3.2
Instruments	0.83	0.83	0.83	0.83	0.82	0.81	0.81	0.80
% Ch	0.2	1.1	-1.6	-1.4	-3.6	-3.0	-2.7	-4.7
Other Durables	0.39	0.39	0.38	0.38	0.38	0.37	0.37	0.37
% Ch	-0.7	-2.4	-2.2	0.0	-5.0	-6.7	-2.4	-3.9
Nonmanufacturing	100.15	100.98	101.68	102.17	102.55	102.93	103.36	103.76
% Ch	2.4	3.3	2.8	2.0	1.5	1.5	1.7	1.6
Mining	0.57	0.57	0.57	0.57	0.56	0.56	0.56	0.55
% Ch	0.9	1.9	-3.2	-1.5	-2.1	-2.2	-4.0	-2.9
Construction	5.31	5.38	5.44	5.46	5.45	5.48	5.49	5.51
% Ch	7.6	5.6	4.3	1.7	-0.5	2.1	0.5	1.3
Trans., Comm. and Utilities	6.27	6.31	6.34	6.37	6.37	6.38	6.38	6.39
% Ch	2.6	2.6	1.8	2.2	-0.2	0.3	0.5	0.2
Wholesale Trade	6.53	6.56	6.60	6.64	6.66	6.67	6.69	6.72
% Ch	3.1	2.1	1.9	2.6	1.5	0.6	1.3	1.6
Retail Trade	21.32	21.50	21.68	21.78	21.85	21.92	21.99	22.05
% Ch	0.3	3.5	3.5	1.8	1.4	1.2	1.3	1.2
Finance-Insurance-Real Estate	6.92	6.96	7.00	7.02	7.03	7.03	7.05	7.05
% Ch	2.5	2.5	2.3	1.1	0.8	-0.3	1.2	0.4
Services	33.88	34.26	34.53	34.75	34.97	35.19	35.43	35.69
% Ch	3.9	4.6	3.2	2.6	2.5	2.6	2.7	3.0
State and Local Government	16.58	16.67	16.78	16.85	16.91	16.99	17.07	17.11
% Ch	0.9	2.0	2.9	1.6	1.5	1.8	1.8	1.0
Federal Government	2.78	2.77	2.74	2.74	2.73	2.72	2.70	2.68
% Ch	-2.1	-1.6	-3.7	-1.0	-1.2	-1.8	-1.9	-3.0

TABLE A2.2
U.S. Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Wage and Salary Employment	122.27	122.90	123.43	123.89	124.32	124.73	125.27	125.80
% Ch	2.0	2.1	1.7	1.5	1.4	1.3	1.8	1.7
Manufacturing	17.88	17.89	17.90	17.89	17.87	17.87	17.87	17.86
% Ch	-0.7	0.1	0.3	-0.3	-0.3	-0.1	0.0	-0.3
Nondurable Manufacturing	7.52	7.52	7.54	7.54	7.55	7.56	7.56	7.56
% Ch	-0.1	0.3	0.6	0.5	0.5	0.2	0.3	0.0
Food and Kindred Products	1.62	1.62	1.62	1.62	1.62	1.62	1.62	1.62
% Ch	-0.3	-0.3	-0.1	0.2	0.6	0.5	0.2	0.3
Pulp and Paper	0.68	0.68	0.69	0.69	0.69	0.69	0.69	0.69
% Ch	0.4	0.8	0.8	0.9	0.8	0.2	-0.0	0.0
Apparel	0.81	0.82	0.82	0.82	0.83	0.83	0.84	0.84
% Ch	-2.2	1.0	2.0	2.1	1.5	1.9	3.0	0.8
Printing	1.51	1.51	1.51	1.51	1.52	1.52	1.52	1.52
% Ch	0.3	-0.0	0.4	0.4	0.8	0.6	0.5	0.2
Chemicals	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
% Ch	0.9	0.1	0.3	-0.0	0.1	-0.2	-0.4	-0.7
Other Nondurables	1.87	1.87	1.88	1.88	1.88	1.87	1.87	1.87
% Ch	-0.0	0.6	0.8	0.3	-0.3	-0.7	-0.5	-0.2
Durable Manufacturing	10.37	10.36	10.36	10.34	10.32	10.31	10.31	10.29
% Ch	-1.1	-0.0	0.0	-0.9	-0.9	-0.4	-0.1	-0.5
Lumber and Wood	0.77	0.77	0.76	0.76	0.76	0.76	0.76	0.76
% Ch	0.5	-0.3	-1.1	-1.3	-0.1	0.2	0.5	0.0
Furniture	0.50	0.50	0.51	0.50	0.50	0.50	0.50	0.50
% Ch	0.3	0.3	0.2	-0.9	-0.9	-1.1	-0.9	-1.4
Stone-Clay-Glass	0.52	0.52	0.52	0.52	0.52	0.52	0.51	0.51
% Ch	-1.7	-0.7	-0.2	-1.3	-1.2	-1.2	-0.9	-0.4
Primary Metals	0.69	0.69	0.69	0.68	0.68	0.68	0.68	0.68
% Ch	-0.5	-0.1	0.0	-0.9	-1.2	-0.3	0.8	0.8
Fabricated Metals	1.45	1.45	1.46	1.46	1.45	1.46	1.46	1.47
% Ch	0.7	0.3	0.2	-0.2	-0.1	1.0	1.2	0.9
Nonelectrical Machinery	1.99	1.99	2.00	2.00	1.99	1.99	1.99	1.99
% Ch	-1.1	0.4	0.6	0.2	-0.4	-0.7	-0.3	0.2
Electrical Machinery	1.57	1.56	1.56	1.56	1.56	1.56	1.56	1.56
% Ch	-2.1	-0.5	-0.2	-0.5	-0.5	-0.0	0.0	0.2
Transportation Equipment	1.72	1.73	1.74	1.73	1.72	1.72	1.72	1.71
% Ch	-0.9	2.1	1.0	-1.8	-1.6	-0.5	-0.9	-2.1
Instruments	0.79	0.78	0.78	0.77	0.76	0.76	0.76	0.75
% Ch	-4.4	-4.1	-3.2	-3.4	-2.9	-2.0	-1.9	-3.1
Other Durables	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
% Ch	-2.0	-1.3	1.1	-0.6	-0.3	-0.6	1.1	-1.1
Nonmanufacturing	104.39	105.01	105.53	106.01	106.45	106.86	107.40	107.94
% Ch	2.5	2.4	2.0	1.8	1.7	1.5	2.0	2.0
Mining	0.55	0.55	0.55	0.54	0.54	0.54	0.54	0.54
% Ch	-2.1	-1.0	-1.0	-1.0	-1.2	-1.2	-1.1	-0.9
Construction	5.53	5.55	5.56	5.55	5.53	5.57	5.63	5.67
% Ch	1.8	1.1	0.6	-0.4	-1.2	2.7	3.9	3.4
Trans., Comm. and Utilities	6.40	6.42	6.44	6.45	6.46	6.47	6.48	6.49
% Ch	0.9	1.3	0.9	0.9	0.7	0.5	0.6	0.7
Wholesale Trade	6.76	6.81	6.85	6.87	6.90	6.92	6.95	6.98
% Ch	2.6	2.9	2.1	1.5	1.4	1.4	1.7	1.6
Retail Trade	22.22	22.34	22.43	22.52	22.62	22.63	22.71	22.79
% Ch	3.0	2.3	1.6	1.6	1.6	0.3	1.3	1.5
Finance-Insurance-Real Estate	7.07	7.10	7.11	7.12	7.13	7.13	7.17	7.21
% Ch	1.1	1.3	0.8	0.8	0.4	0.2	1.9	2.3
Services	35.99	36.28	36.57	36.84	37.10	37.35	37.60	37.86
% Ch	3.3	3.4	3.1	3.1	2.8	2.7	2.7	2.8
State and Local Government	17.20	17.30	17.39	17.47	17.55	17.62	17.71	17.79
% Ch	2.1	2.4	2.1	1.9	1.7	1.7	2.1	1.8
Federal Government	2.67	2.66	2.64	2.62	2.62	2.62	2.62	2.61
% Ch	-2.2	-1.8	-2.1	-2.5	-0.4	-0.4	0.0	-1.8

TABLE A2.3
Washington Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Wage and Salary Employment	2221.9	2251.7	2304.1	2345.6	2400.1	2471.1	2544.6	2615.9
% Ch	2.0	1.3	2.3	1.8	2.3	3.0	3.0	2.8
Manufacturing	347.2	340.8	336.9	331.4	344.4	363.8	373.2	380.4
% Ch	-1.3	-1.8	-1.1	-1.6	3.9	5.6	2.6	1.9
Nondurable Manufacturing	101.6	103.4	106.3	107.8	110.8	113.6	115.8	118.0
% Ch	1.4	1.8	2.8	1.4	2.8	2.5	1.9	2.0
Food and Kindred Products	38.0	39.0	40.5	41.6	43.4	44.5	45.4	46.4
% Ch	1.2	2.7	3.7	2.7	4.3	2.5	2.0	2.3
Pulp and Paper	17.7	17.2	17.2	17.3	17.4	18.1	18.2	18.3
% Ch	-1.1	-2.8	-0.1	0.9	0.2	4.1	0.6	0.6
Apparel	8.2	8.8	9.3	9.0	9.3	9.4	9.4	9.4
% Ch	3.0	7.4	5.1	-2.7	3.4	0.9	0.0	0.0
Printing	22.7	23.0	23.5	23.9	24.3	24.8	25.6	26.4
% Ch	1.1	1.4	2.1	1.7	1.4	2.3	3.1	3.1
Chemicals	5.2	5.4	5.6	5.5	5.8	6.1	6.2	6.3
% Ch	0.5	3.2	4.3	-2.5	6.2	4.3	1.5	1.4
Other Nondurables	9.7	9.9	10.2	10.4	10.7	10.7	11.0	11.2
% Ch	7.2	2.2	3.1	1.7	2.3	0.6	2.7	2.2
Durable Manufacturing	245.6	237.4	230.6	223.7	233.6	250.2	257.4	262.3
% Ch	-2.4	-3.4	-2.9	-3.0	4.4	7.1	2.9	1.9
Lumber and Wood	36.5	35.9	36.3	35.4	34.8	34.3	34.1	33.9
% Ch	0.3	-1.8	1.3	-2.4	-1.8	-1.4	-0.6	-0.6
Furniture	3.7	3.6	3.7	3.7	4.0	4.1	4.2	4.3
% Ch	-2.5	-4.5	4.2	-0.2	8.6	1.8	2.7	2.1
Stone-Clay-Glass	8.1	8.4	8.7	8.8	8.9	8.9	9.0	9.0
% Ch	5.4	3.5	3.0	1.6	0.4	0.4	0.7	0.7
Primary Metals	11.7	11.2	10.8	11.2	11.5	11.6	11.6	11.6
% Ch	-4.9	-3.9	-3.7	3.7	3.1	0.2	0.2	-0.2
Fabricated Metals	11.2	11.5	12.5	13.1	13.2	13.3	13.5	13.7
% Ch	-5.6	2.7	8.3	5.4	0.4	0.7	1.5	1.6
Nonelectrical Machinery	19.5	20.2	20.9	21.9	23.8	24.3	24.8	25.6
% Ch	-2.1	3.9	3.5	4.7	8.8	2.2	1.8	3.3
Electrical Machinery	10.6	11.2	12.3	14.0	15.3	17.4	19.2	21.0
% Ch	-3.2	5.3	10.1	13.8	8.9	14.0	10.2	9.5
Aerospace	111.9	102.7	91.8	80.2	85.8	100.1	105.0	107.1
% Ch	-3.2	-8.2	-10.6	-12.7	7.0	16.6	4.9	2.0
Other Trans. Equip.	11.5	12.0	13.3	14.7	14.3	13.9	13.9	13.9
% Ch	-9.9	4.8	10.5	10.3	-2.9	-2.3	-0.3	-0.1
Instruments	14.1	13.5	12.8	12.7	13.5	13.7	13.5	13.5
% Ch	1.8	-4.3	-5.0	-0.6	6.4	0.8	-0.9	-0.2
Other Durables	6.8	7.1	7.4	7.8	8.4	8.6	8.6	8.7
% Ch	2.4	4.4	3.8	5.7	7.4	2.4	0.7	1.0
Nonmanufacturing	1874.7	1910.9	1967.2	2014.1	2055.7	2107.2	2171.5	2235.5
% Ch	2.7	1.9	2.9	2.4	2.1	2.5	3.0	3.0
Mining	3.4	3.2	3.4	3.4	3.4	3.4	3.5	3.6
% Ch	-7.5	-5.3	6.5	-1.3	0.3	1.9	2.1	2.1
Construction	119.2	119.1	123.0	121.2	123.7	124.5	126.6	128.3
% Ch	0.9	-0.1	3.3	-1.4	2.0	0.7	1.7	1.4
Trans., Comm. and Utilities	113.6	114.2	116.5	120.2	122.1	124.8	128.0	131.0
% Ch	1.6	0.5	2.0	3.2	1.6	2.2	2.5	2.4
Wholesale Trade	131.5	133.3	138.3	143.5	143.9	146.9	150.3	154.2
% Ch	0.9	1.4	3.8	3.7	0.3	2.1	2.3	2.6
Retail Trade	406.3	413.2	426.6	438.7	442.0	451.1	467.2	482.2
% Ch	2.4	1.7	3.2	2.8	0.8	2.0	3.6	3.2
Finance-Insurance-Real Estate	119.3	121.2	124.1	121.6	123.5	125.6	127.7	129.5
% Ch	2.0	1.6	2.4	-2.0	1.6	1.7	1.6	1.4
Services	557.8	576.7	598.0	621.4	647.9	674.9	702.4	730.3
% Ch	4.1	3.4	3.7	3.9	4.3	4.2	4.1	4.0
State and Local Government	350.2	357.7	365.7	374.2	381.3	389.5	400.3	411.2
% Ch	3.4	2.1	2.3	2.3	1.9	2.1	2.8	2.7
Federal Government	73.4	72.3	71.5	70.0	67.8	66.5	65.5	65.2
% Ch	0.6	-1.4	-1.1	-2.1	-3.1	-1.9	-1.5	-0.5

TABLE A2.4
Washington Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1994:1	1994:2	1994:3	1994:4	1995:1	1995:2	1995:3	1995:4
Wage and Salary Employment	2282.5	2293.9	2313.0	2327.1	2339.0	2345.7	2352.3	2345.3
% Ch	1.6	2.0	3.4	2.5	2.1	1.2	1.1	-1.2
Manufacturing	336.2	335.7	337.0	338.7	339.8	336.9	332.4	316.7
% Ch	-2.1	-0.5	1.5	2.0	1.3	-3.3	-5.3	-17.6
Nondurable Manufacturing	105.2	106.2	106.7	107.3	107.7	107.7	107.8	108.0
% Ch	2.7	3.9	2.1	2.0	1.6	0.1	0.2	0.8
Food and Kindred Products	40.0	40.3	40.7	41.0	41.4	41.6	41.4	41.9
% Ch	1.7	3.6	3.8	2.4	4.8	2.0	-1.8	4.4
Pulp and Paper	17.0	17.2	17.2	17.3	17.3	17.3	17.4	17.3
% Ch	-2.0	4.0	0.3	3.0	-0.9	1.0	3.1	-3.8
Apparel	9.1	9.5	9.3	9.2	9.2	9.1	9.0	8.8
% Ch	10.8	16.7	-7.3	-1.4	-3.1	-3.6	-2.6	-9.4
Printing	23.3	23.5	23.6	23.7	23.9	23.8	23.9	24.2
% Ch	3.6	3.5	2.4	1.6	2.7	-1.2	1.0	5.3
Chemicals	5.6	5.6	5.6	5.7	5.6	5.5	5.4	5.3
% Ch	0.6	-3.2	1.9	11.5	-6.9	-7.7	-7.6	-5.6
Other Nondurables	10.2	10.2	10.3	10.3	10.3	10.3	10.6	10.5
% Ch	6.9	-1.3	6.6	-1.7	0.2	1.7	9.2	-2.9
Durable Manufacturing	231.0	229.6	230.3	231.4	232.1	229.2	224.6	208.7
% Ch	-4.1	-2.5	1.2	2.0	1.2	-4.8	-7.8	-25.5
Lumber and Wood	36.6	36.2	36.4	36.1	36.1	35.3	35.2	35.2
% Ch	4.0	-4.3	1.9	-2.8	-0.1	-8.6	-1.1	0.7
Furniture	3.6	3.7	3.8	3.8	3.8	3.7	3.7	3.7
% Ch	9.6	14.3	4.1	6.2	-4.3	-9.2	4.2	-3.8
Stone-Clay-Glass	8.6	8.7	8.7	8.7	8.9	8.8	8.8	8.8
% Ch	8.5	2.6	1.6	1.1	5.8	-1.7	-0.5	0.9
Primary Metals	10.9	10.8	10.7	10.8	10.9	11.0	11.4	11.4
% Ch	-2.5	-4.3	-4.4	5.1	3.8	5.3	12.4	2.4
Fabricated Metals	12.1	12.3	12.6	12.9	13.0	13.1	13.2	13.2
% Ch	5.1	10.3	7.8	10.7	4.4	3.1	2.0	-0.3
Nonelectrical Machinery	20.4	20.8	20.9	21.5	21.3	21.8	22.1	22.3
% Ch	1.2	6.7	3.3	11.4	-3.0	9.2	4.6	5.1
Electrical Machinery	11.6	12.1	12.7	13.0	13.5	13.9	14.3	14.4
% Ch	6.2	19.7	20.4	10.7	15.8	14.7	10.1	3.2
Aerospace	94.3	91.7	90.9	90.4	89.4	86.6	80.5	64.3
% Ch	-14.1	-10.7	-3.2	-2.2	-4.5	-11.9	-25.4	-59.3
Other Trans. Equip.	12.9	13.2	13.4	13.8	14.7	14.4	15.0	14.7
% Ch	20.0	10.9	6.5	10.1	30.9	-8.2	17.2	-8.6
Instruments	12.9	12.8	12.7	12.8	12.7	12.7	12.7	12.8
% Ch	-10.6	-3.2	-4.7	4.0	-1.9	-2.4	0.5	4.5
Other Durables	7.1	7.3	7.5	7.6	7.8	7.8	7.8	7.8
% Ch	4.1	8.2	15.4	0.5	11.4	3.0	-0.7	0.3
Nonmanufacturing	1946.3	1958.2	1976.0	1988.4	1999.2	2008.7	2020.0	2028.6
% Ch	2.3	2.5	3.7	2.5	2.2	1.9	2.3	1.7
Mining	3.3	3.4	3.5	3.5	3.4	3.4	3.3	3.3
% Ch	4.3	12.6	5.5	3.7	-6.1	-6.6	-5.4	2.7
Construction	122.7	123.3	123.5	122.6	122.3	122.1	121.2	119.4
% Ch	-0.8	2.2	0.5	-2.9	-1.0	-0.6	-2.9	-5.6
Trans., Comm. and Utilities	114.8	115.4	117.2	118.4	119.4	119.7	119.5	122.0
% Ch	3.0	2.2	6.3	4.2	3.3	1.1	-0.7	8.8
Wholesale Trade	136.6	137.2	138.6	140.9	142.4	143.3	144.1	144.2
% Ch	2.5	1.9	4.0	6.8	4.3	2.6	2.2	0.3
Retail Trade	421.4	424.5	428.5	432.1	436.8	435.8	439.5	442.6
% Ch	3.4	2.9	3.8	3.4	4.4	-0.9	3.4	2.8
Finance-Insurance-Real Estate	125.9	125.1	123.5	121.9	121.3	120.9	121.2	122.9
% Ch	7.3	-2.5	-5.1	-5.1	-1.9	-1.1	0.9	5.8
Services	587.8	593.6	603.1	607.6	610.8	618.2	625.9	630.6
% Ch	2.4	3.9	6.6	3.0	2.2	4.9	5.1	3.0
State and Local Government	362.2	364.1	366.7	370.0	372.2	375.1	375.7	373.7
% Ch	0.7	2.1	2.9	3.7	2.4	3.2	0.6	-2.1
Federal Government	71.5	71.5	71.5	71.6	70.7	70.3	69.5	69.7
% Ch	-2.1	0.0	-0.1	0.6	-4.9	-2.4	-4.2	1.1

TABLE A2.4
Washington Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1996:1	1996:2	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4
Wage and Salary Employment	2375.3	2382.9	2411.1	2431.1	2446.1	2462.8	2479.4	2495.9
% Ch	5.2	1.3	4.8	3.3	2.5	2.8	2.7	2.7
Manufacturing	338.5	338.4	347.0	353.6	358.2	362.7	365.9	368.4
% Ch	30.5	-0.1	10.6	7.8	5.3	5.2	3.5	2.8
Nondurable Manufacturing	110.3	109.8	110.8	112.3	112.9	113.4	113.8	114.3
% Ch	9.1	-2.0	3.9	5.4	2.1	1.7	1.7	1.7
Food and Kindred Products	43.2	43.1	43.3	44.0	44.2	44.4	44.6	44.8
% Ch	13.2	-1.0	1.5	6.7	1.9	2.0	1.6	1.9
Pulp and Paper	17.0	16.8	17.6	18.0	18.1	18.0	18.1	18.1
% Ch	-5.5	-5.1	20.2	8.5	1.9	-0.1	0.5	0.3
Apparel	9.2	9.3	9.4	9.4	9.4	9.4	9.4	9.4
% Ch	21.3	3.1	1.8	2.3	0.1	0.2	0.5	-0.6
Printing	24.6	24.1	24.0	24.4	24.6	24.7	24.9	25.1
% Ch	6.9	-8.1	-0.6	5.9	3.2	2.8	2.9	2.9
Chemicals	5.6	5.8	5.9	6.0	6.0	6.1	6.1	6.1
% Ch	18.2	16.8	7.9	8.9	0.9	1.3	1.7	1.5
Other Nondurables	10.7	10.7	10.7	10.6	10.6	10.7	10.7	10.8
% Ch	8.4	0.0	-0.6	-4.6	2.9	2.6	1.9	1.8
Durable Manufacturing	228.1	228.6	236.2	241.3	245.3	249.4	252.0	254.1
% Ch	42.8	0.8	13.9	9.0	6.8	6.8	4.4	3.3
Lumber and Wood	35.2	34.6	34.9	34.5	34.5	34.4	34.2	34.2
% Ch	-0.2	-6.6	2.7	-4.1	-0.4	-1.0	-1.7	-0.5
Furniture	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.1
% Ch	40.4	-2.3	9.2	-1.2	0.7	2.3	2.6	2.6
Stone-Clay-Glass	8.7	8.9	8.9	8.9	8.9	8.9	8.9	8.9
% Ch	-5.1	9.7	0.8	-1.6	0.1	-0.4	0.4	0.6
Primary Metals	11.5	11.4	11.6	11.6	11.6	11.6	11.6	11.6
% Ch	3.5	-3.3	6.2	-1.4	-0.1	-0.2	-0.2	0.2
Fabricated Metals	13.4	13.0	13.2	13.2	13.3	13.3	13.3	13.3
% Ch	4.7	-9.9	5.9	1.2	0.6	0.6	0.9	1.2
Nonelectrical Machinery	23.2	23.7	24.1	24.3	24.3	24.3	24.3	24.4
% Ch	16.9	8.6	6.5	2.7	1.0	0.2	-0.0	0.7
Electrical Machinery	14.6	14.9	15.4	16.2	16.7	17.2	17.6	18.1
% Ch	4.4	10.1	15.3	19.9	14.2	11.8	11.2	10.9
Aerospace	80.8	82.3	87.8	92.4	95.8	99.5	101.8	103.4
% Ch	150.1	7.4	29.8	22.4	15.8	16.2	9.5	6.3
Other Trans. Equip.	15.0	14.0	14.2	14.0	14.0	13.9	13.9	13.9
% Ch	9.0	-24.3	5.5	-5.4	-0.1	-1.0	0.3	-0.2
Instruments	13.4	13.5	13.5	13.7	13.7	13.7	13.7	13.6
% Ch	20.0	3.4	0.2	3.9	-0.4	0.5	-0.1	-1.7
Other Durables	8.3	8.2	8.4	8.6	8.6	8.6	8.6	8.6
% Ch	26.2	-4.2	12.0	8.5	-0.8	-1.1	0.9	0.1
Nonmanufacturing	2036.8	2044.5	2064.1	2077.4	2087.9	2100.1	2113.5	2127.5
% Ch	1.6	1.5	3.9	2.6	2.0	2.3	2.6	2.7
Mining	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5
% Ch	1.6	1.2	0.8	3.5	1.8	1.3	1.8	1.9
Construction	122.0	124.1	124.0	124.6	124.1	124.2	124.6	125.1
% Ch	9.0	6.8	-0.2	2.0	-1.7	0.4	1.2	1.5
Trans., Comm. and Utilities	121.2	122.0	122.2	123.1	123.8	124.5	125.2	125.9
% Ch	-2.8	2.8	0.6	3.1	2.1	2.3	2.3	2.3
Wholesale Trade	142.1	142.5	145.3	145.8	146.1	146.5	147.2	147.9
% Ch	-5.7	1.1	7.9	1.5	0.7	1.3	1.7	2.0
Retail Trade	442.1	440.1	442.0	443.9	446.6	449.4	452.5	455.8
% Ch	-0.4	-1.9	1.8	1.8	2.4	2.5	2.8	3.0
Finance-Insurance-Real Estate	122.5	123.1	123.9	124.7	125.0	125.4	125.9	126.4
% Ch	-1.5	1.9	2.9	2.4	1.0	1.2	1.7	1.5
Services	636.6	642.1	652.0	661.0	666.1	671.6	677.4	684.3
% Ch	3.8	3.5	6.3	5.7	3.1	3.3	3.5	4.1
State and Local Government	378.0	379.4	383.9	383.7	385.9	388.4	390.9	392.6
% Ch	4.7	1.5	4.8	-0.2	2.3	2.6	2.7	1.8
Federal Government	68.9	67.9	67.4	67.1	66.9	66.7	66.5	66.1
% Ch	-4.4	-5.8	-2.8	-1.9	-1.0	-1.4	-1.4	-2.1

TABLE A2.4
Washington Nonagricultural Employment by Industry
 Forecast 1996 to 1999

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Wage and Salary Employment	2515.7	2535.5	2554.5	2572.8	2590.6	2606.5	2624.4	2642.2
% Ch	3.2	3.2	3.0	2.9	2.8	2.5	2.8	2.7
Manufacturing	370.5	372.3	374.1	375.7	377.5	379.4	381.4	383.2
% Ch	2.3	2.0	2.0	1.8	1.9	2.0	2.1	1.9
Nondurable Manufacturing	114.9	115.5	116.1	116.6	117.2	117.7	118.3	118.8
% Ch	2.0	2.1	2.1	1.9	2.0	1.9	1.9	1.8
Food and Kindred Products	45.0	45.3	45.5	45.7	46.0	46.3	46.6	46.8
% Ch	2.1	2.0	2.0	2.1	2.8	2.5	2.1	2.0
Pulp and Paper	18.1	18.2	18.2	18.2	18.3	18.3	18.3	18.3
% Ch	0.7	0.9	1.0	0.7	0.4	0.3	0.5	0.5
Apparel	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
% Ch	-0.1	0.3	0.5	-0.2	-0.2	-0.1	0.6	-0.2
Printing	25.3	25.5	25.7	25.9	26.1	26.3	26.5	26.7
% Ch	3.2	3.4	3.3	3.2	3.1	2.8	2.8	3.0
Chemicals	6.1	6.2	6.2	6.2	6.2	6.2	6.3	6.3
% Ch	1.7	1.3	1.5	1.4	1.6	1.4	1.3	1.2
Other Nondurables	10.9	11.0	11.1	11.1	11.2	11.2	11.3	11.3
% Ch	3.1	3.5	2.9	2.1	1.5	1.9	2.5	2.5
Durable Manufacturing	255.6	256.8	258.1	259.1	260.3	261.6	263.1	264.4
% Ch	2.4	1.9	1.9	1.7	1.9	2.0	2.2	2.0
Lumber and Wood	34.2	34.2	34.0	33.9	33.9	33.9	33.9	33.9
% Ch	0.4	-0.6	-1.3	-1.5	-0.5	-0.0	0.2	-0.3
Furniture	4.2	4.2	4.2	4.3	4.3	4.3	4.3	4.3
% Ch	2.8	3.0	3.0	2.4	2.0	1.5	1.6	1.4
Stone-Clay-Glass	8.9	9.0	9.0	9.0	9.0	9.0	9.0	9.1
% Ch	0.7	1.0	1.2	1.0	0.6	0.4	0.6	0.9
Primary Metals	11.6	11.6	11.6	11.6	11.6	11.5	11.6	11.6
% Ch	0.3	0.6	0.6	-0.4	-1.1	-0.7	0.6	1.4
Fabricated Metals	13.4	13.5	13.5	13.6	13.7	13.7	13.7	13.8
% Ch	1.6	1.9	2.0	1.9	1.9	1.2	1.1	1.3
Nonelectrical Machinery	24.5	24.7	24.9	25.1	25.3	25.5	25.7	25.9
% Ch	1.9	3.1	3.5	3.3	3.0	3.2	3.5	3.7
Electrical Machinery	18.5	19.0	19.4	19.8	20.3	20.7	21.3	21.8
% Ch	9.9	9.8	9.4	8.7	9.3	9.9	10.3	10.0
Aerospace	104.2	104.8	105.3	105.8	106.3	106.9	107.4	107.9
% Ch	3.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other Trans. Equip.	13.9	13.9	13.9	13.9	13.9	13.9	13.9	13.8
% Ch	0.0	-1.0	-0.4	-0.2	0.5	0.1	0.1	-1.7
Instruments	13.6	13.5	13.5	13.5	13.5	13.5	13.5	13.5
% Ch	-1.6	-0.5	-0.1	-0.9	-0.4	0.4	0.6	-0.6
Other Durables	8.6	8.6	8.7	8.7	8.7	8.7	8.8	8.8
% Ch	0.9	1.0	1.8	0.7	0.8	0.9	1.9	0.6
Nonmanufacturing	2145.2	2163.2	2180.4	2197.1	2213.0	2227.1	2243.0	2259.0
% Ch	3.4	3.4	3.2	3.1	2.9	2.6	2.9	2.9
Mining	3.5	3.5	3.5	3.5	3.6	3.6	3.6	3.6
% Ch	2.2	2.4	2.5	2.3	2.0	1.8	1.9	2.1
Construction	125.6	126.3	127.0	127.5	127.7	128.0	128.5	129.1
% Ch	1.6	2.3	2.3	1.5	0.7	0.9	1.5	1.9
Trans., Comm. and Utilities	126.7	127.6	128.4	129.2	129.9	130.6	131.3	132.1
% Ch	2.7	2.7	2.6	2.5	2.4	2.1	2.4	2.3
Wholesale Trade	148.8	149.8	150.8	151.9	152.9	153.8	154.7	155.5
% Ch	2.4	2.7	2.9	2.9	2.6	2.3	2.3	2.3
Retail Trade	460.8	465.3	469.3	473.4	477.4	480.1	483.8	487.7
% Ch	4.4	4.0	3.5	3.5	3.5	2.2	3.1	3.3
Finance-Insurance-Real Estate	126.9	127.4	127.9	128.4	128.9	129.3	129.7	130.1
% Ch	1.6	1.7	1.7	1.6	1.4	1.2	1.2	1.5
Services	691.3	698.8	706.1	713.4	720.1	726.8	733.6	740.5
% Ch	4.2	4.4	4.2	4.2	3.8	3.8	3.8	3.8
State and Local Government	395.9	398.9	401.8	404.6	407.3	409.8	412.6	415.2
% Ch	3.3	3.1	2.9	2.8	2.7	2.5	2.8	2.5
Federal Government	65.8	65.7	65.5	65.2	65.2	65.2	65.3	65.1
% Ch	-1.5	-1.1	-1.3	-1.6	0.0	0.1	0.3	-1.0

TABLE A3.1

U.S. Personal Income by Component

Forecast 1996 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Personal Income	5264.2	5480.1	5753.1	6115.1	6446.3	6770.9	7103.6	7440.9
% Ch	6.0	4.1	5.0	6.3	5.4	5.0	4.9	4.7
Total Wage and Salary Disbursements	2986.4	3090.7	3241.8	3430.6	3628.6	3806.0	3986.0	4161.4
% Ch	5.6	3.5	4.9	5.8	5.8	4.9	4.7	4.4
Nonwage Personal Income	2277.8	2389.4	2511.3	2684.5	2817.7	2965.0	3117.6	3279.5
% Ch	6.4	4.9	5.1	6.9	5.0	5.2	5.1	5.2
Other Labor Income	351.4	380.9	402.2	424.0	436.6	459.6	487.7	518.5
% Ch	8.9	8.4	5.6	5.4	3.0	5.3	6.1	6.3
Proprietor's Income	409.5	420.1	450.9	478.3	513.0	519.8	532.3	550.7
% Ch	12.8	2.6	7.3	6.1	7.3	1.3	2.4	3.5
Farm	38.0	32.0	35.0	29.0	43.0	40.9	41.2	44.8
% Ch	25.7	-15.8	9.6	-17.2	48.4	-5.0	0.9	8.6
Nonfarm	371.5	388.1	415.9	449.3	470.0	478.9	491.0	505.9
% Ch	11.7	4.5	7.2	8.0	4.6	1.9	2.5	3.0
Less: Pers Cont. For Social Ins.	248.4	259.6	278.1	294.5	307.7	324.6	342.2	357.7
% Ch	5.3	4.5	7.1	5.9	4.5	5.5	5.4	4.5
Dividends/Int./Rent	907.3	937.4	979.9	1054.1	1094.6	1163.8	1227.8	1285.1
% Ch	-1.5	3.3	4.5	7.6	3.8	6.3	5.5	4.7
Transfer Payments	858.2	910.7	956.4	1022.6	1081.2	1146.4	1212.1	1282.9
% Ch	11.5	6.1	5.0	6.9	5.7	6.0	5.7	5.8

TABLE A3.2

U.S. Personal Income by Component

Forecast 1996 to 1999

	1994:1	1994:2	1994:3	1994:4	1995:1	1995:2	1995:3	1995:4
Personal Income	5562.4	5739.1	5808.2	5902.7	6004.5	6074.4	6146.9	6234.5
% Ch	-3.4	13.3	4.9	6.7	7.1	4.7	4.9	5.8
Total Wage and Salary Disbursements	3142.0	3233.8	3266.6	3324.9	3367.9	3403.1	3451.2	3500.2
% Ch	-6.2	12.2	4.1	7.3	5.3	4.2	5.8	5.8
Nonwage Personal Income	2420.4	2505.3	2541.6	2577.8	2636.6	2671.3	2695.7	2734.3
% Ch	0.4	14.8	5.9	5.8	9.4	5.4	3.7	5.9
Other Labor Income	395.6	400.5	404.9	407.8	417.7	422.0	425.9	430.2
% Ch	8.1	5.0	4.5	2.9	10.1	4.2	3.7	4.1
Proprietor's Income	421.1	454.4	458.7	469.4	472.0	474.7	479.6	486.7
% Ch	-12.1	35.6	3.8	9.7	2.2	2.3	4.2	6.1
Farm	40.8	35.1	31.9	32.3	28.5	27.6	28.1	31.8
% Ch	97.9	-45.2	-31.8	5.1	-39.4	-12.0	7.4	64.0
Nonfarm	380.3	419.3	426.8	437.1	443.5	447.1	451.5	454.9
% Ch	-18.7	47.8	7.3	10.0	6.0	3.3	4.0	3.0
Less: Pers Cont. For Social Ins.	271.4	277.6	279.9	283.5	290.2	292.7	296.2	298.8
% Ch	10.0	9.5	3.4	5.2	9.8	3.5	4.9	3.6
Dividends/Int./Rent	935.3	978.1	996.5	1009.5	1034.7	1050.4	1056.6	1074.7
% Ch	-0.5	19.6	7.7	5.3	10.4	6.2	2.4	7.0
Transfer Payments	939.5	949.8	961.4	974.7	1002.4	1016.8	1029.9	1041.4
% Ch	7.1	4.5	5.0	5.6	11.9	5.9	5.3	4.5

TABLE A3.2

U.S. Personal Income by Component

Forecast 1996 to 1999

	1996:1	1996:2	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4
Personal Income	6308.5	6412.4	6496.4	6567.8	6660.2	6736.5	6812.2	6874.7
% Ch	4.8	6.8	5.3	4.5	5.7	4.7	4.6	3.7
Total Wage and Salary Disbursements	3538.2	3606.5	3663.0	3706.5	3749.9	3788.2	3828.2	3857.7
% Ch	4.4	7.9	6.4	4.8	4.8	4.1	4.3	3.1
Nonwage Personal Income	2770.3	2805.9	2833.4	2861.3	2910.3	2948.3	2984.1	3017.1
% Ch	5.4	5.2	4.0	4.0	7.0	5.3	4.9	4.5
Other Labor Income	429.1	434.0	438.9	444.3	450.3	456.7	463.2	468.0
% Ch	-1.0	4.6	4.6	5.0	5.6	5.8	5.8	4.2
Proprietor's Income	499.5	515.2	518.3	519.0	519.2	518.3	520.1	521.4
% Ch	10.9	13.2	2.4	0.6	0.2	-0.7	1.4	1.0
Farm	38.4	45.8	44.7	43.3	42.5	40.6	40.6	39.8
% Ch	112.6	102.4	-9.6	-12.0	-6.7	-16.5	0.2	-8.4
Nonfarm	461.1	469.4	473.6	475.8	476.7	477.7	479.5	481.6
% Ch	5.6	7.4	3.6	1.8	0.8	0.8	1.5	1.8
Less: Pers Cont. For Social Ins.	301.0	305.8	310.3	313.9	320.1	323.4	326.8	328.2
% Ch	3.0	6.5	6.0	4.7	8.2	4.2	4.3	1.7
Dividends/Int./Rent	1079.6	1086.9	1100.1	1112.0	1136.8	1157.5	1174.7	1186.4
% Ch	1.8	2.7	4.9	4.4	9.2	7.5	6.0	4.0
Transfer Payments	1063.0	1075.6	1086.4	1099.9	1124.1	1139.1	1152.9	1169.5
% Ch	8.6	4.8	4.1	5.1	9.1	5.5	4.9	5.9

TABLE A3.2

U.S. Personal Income by Component

Forecast 1996 to 1999

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Personal Income	6977.6	7066.5	7147.3	7223.1	7312.3	7399.4	7484.9	7566.9
% Ch	6.1	5.2	4.6	4.3	5.0	4.9	4.7	4.5
Total Wage and Salary Disbursements	3920.1	3965.0	4008.6	4050.4	4097.1	4139.5	4182.9	4225.9
% Ch	6.6	4.7	4.5	4.2	4.7	4.2	4.3	4.2
Nonwage Personal Income	3057.5	3101.5	3138.7	3172.7	3215.2	3259.9	3302.0	3340.9
% Ch	5.5	5.9	4.9	4.4	5.5	5.7	5.3	4.8
Other Labor Income	477.1	484.3	491.2	498.1	506.6	514.5	522.5	530.2
% Ch	8.0	6.1	5.9	5.7	7.0	6.4	6.3	6.1
Proprietor's Income	526.2	530.2	534.4	538.3	543.0	547.9	553.6	558.4
% Ch	3.7	3.2	3.1	3.0	3.5	3.6	4.2	3.5
Farm	40.2	40.9	41.6	42.3	43.7	44.6	45.2	45.8
% Ch	4.1	7.4	7.1	6.9	13.7	8.3	5.7	5.2
Nonfarm	486.0	489.4	492.7	496.0	499.4	503.3	508.4	512.6
% Ch	3.7	2.8	2.8	2.7	2.7	3.2	4.1	3.4
Less: Pers Cont. for Social Ins.	337.4	340.3	343.8	347.3	353.6	355.7	358.9	362.7
% Ch	11.7	3.5	4.1	4.1	7.4	2.5	3.6	4.3
Dividends/Int./Rent	1202.2	1223.0	1237.6	1248.3	1262.0	1279.0	1293.5	1306.0
% Ch	5.5	7.1	4.8	3.5	4.5	5.5	4.6	3.9
Transfer Payments	1189.5	1204.3	1219.4	1235.3	1257.0	1274.3	1291.4	1309.1
% Ch	7.0	5.1	5.1	5.3	7.2	5.6	5.5	5.6

TABLE A3.3

Washington Personal Income by Component

Forecast 1996 to 1999

	1992	1993	1994	1995	1996	1997	1998	1999
Personal Income	110.461	115.788	121.606	129.117	137.403	146.083	155.086	164.472
% Ch	7.9	4.8	5.0	6.2	6.4	6.3	6.2	6.1
Total Wage and Salary Disbursements	62.920	64.612	67.634	71.591	76.780	81.906	87.014	92.213
% Ch	8.5	2.7	4.7	5.9	7.2	6.7	6.2	6.0
Manufacturing	12.358	12.070	12.319	12.627	13.806	15.258	16.232	17.134
% Ch	5.4	-2.3	2.1	2.5	9.3	10.5	6.4	5.6
Nondurable Manufacturing	2.958	3.115	3.296	3.464	3.604	3.833	4.049	4.274
% Ch	4.9	5.3	5.8	5.1	4.0	6.4	5.6	5.6
Durable Manufacturing	9.400	8.955	9.023	9.163	10.202	11.424	12.182	12.860
% Ch	5.5	-4.7	0.8	1.6	11.3	12.0	6.6	5.6
Nonmanufacturing	47.756	49.743	52.449	55.876	59.781	63.292	67.274	71.392
% Ch	9.7	4.2	5.4	6.5	7.0	5.9	6.3	6.1
Other Private Wages	0.661	0.631	0.669	0.709	0.678	0.754	0.819	0.887
% Ch	2.4	-4.5	6.0	5.9	-4.3	11.3	8.6	8.2
Farm Wages	0.493	0.526	0.553	0.642	0.669	0.697	0.728	0.760
% Ch	-1.8	6.6	5.2	15.9	4.2	4.3	4.4	4.4
Military Wages	1.652	1.643	1.643	1.738	1.847	1.904	1.962	2.040
% Ch	6.1	-0.6	0.0	5.7	6.3	3.1	3.0	4.0
Nonwage Personal Income	47.541	51.176	53.972	57.526	60.623	64.178	68.072	72.259
% Ch	7.1	7.6	5.5	6.6	5.4	5.9	6.1	6.1
Other Labor Income	6.612	7.184	7.610	8.025	8.571	9.264	9.996	10.791
% Ch	11.2	8.6	5.9	5.5	6.8	8.1	7.9	8.0
Proprietor's Income	9.531	10.557	10.720	11.433	12.265	12.500	12.882	13.353
% Ch	10.2	10.8	1.5	6.6	7.3	1.9	3.1	3.7
Farm	0.950	1.162	0.647	0.574	0.970	0.887	0.877	0.915
% Ch	43.4	22.3	-44.3	-11.4	69.1	-8.5	-1.1	4.3
Nonfarm	8.581	9.395	10.073	10.859	11.295	11.613	12.005	12.438
% Ch	7.4	9.5	7.2	7.8	4.0	2.8	3.4	3.6
Less: Pers. Cont. for Social Ins.	5.579	5.774	6.169	6.542	7.020	7.536	8.054	8.540
% Ch	8.6	3.5	6.8	6.1	7.3	7.4	6.9	6.0
Plus: Residence Adjustment	1.074	1.185	1.307	1.422	1.548	1.632	1.721	1.816
% Ch	8.3	10.3	10.3	8.8	8.9	5.4	5.5	5.5
Dividends/Int./Rent	18.666	19.632	20.860	22.128	23.011	24.627	26.248	27.798
% Ch	2.4	5.2	6.3	6.1	4.0	7.0	6.6	5.9
Transfer Payments	17.236	18.392	19.644	21.061	22.249	23.691	25.279	27.040
% Ch	9.6	6.7	6.8	7.2	5.6	6.5	6.7	7.0
State U.I. Benefits	0.901	1.092	1.023	0.871	0.834	0.834	0.846	0.889
% Ch	37.9	21.1	-6.3	-14.9	-4.2	-0.1	1.5	5.0
Other Transfers	16.334	17.300	18.621	20.190	21.414	22.857	24.432	26.151
% Ch	8.4	5.9	7.6	8.4	6.1	6.7	6.9	7.0

TABLE A3.4

Washington Personal Income by Component

Forecast 1996 to 1999

	1994:1	1994:2	1994:3	1994:4	1995:1	1995:2	1995:3	1995:4
Personal Income	118.392	121.093	122.000	124.936	125.944	128.514	130.647	131.365
% Ch	-0.0	9.4	3.0	10.0	3.3	8.4	6.8	2.2
Total Wage and Salary Disbursements	65.969	67.588	67.639	69.338	69.609	71.328	72.804	72.625
% Ch	2.5	10.2	0.3	10.4	1.6	10.3	8.5	-1.0
Manufacturing	12.085	12.448	12.091	12.655	12.392	13.175	13.027	11.915
% Ch	-3.7	12.6	-11.0	20.0	-8.0	27.8	-4.4	-30.0
Nondurable Manufacturing	3.195	3.255	3.311	3.424	3.410	3.456	3.455	3.535
% Ch	-1.5	7.7	7.1	14.4	-1.6	5.5	-0.1	9.6
Durable Manufacturing	8.889	9.192	8.779	9.230	8.982	9.719	9.572	8.380
% Ch	-4.5	14.3	-16.8	22.2	-10.4	37.1	-5.9	-41.3
Nonmanufacturing	51.039	52.325	52.675	53.754	54.128	55.078	56.732	57.567
% Ch	4.2	10.5	2.7	8.4	2.8	7.2	12.6	6.0
Other Private Wages	0.663	0.640	0.665	0.707	0.709	0.711	0.675	0.738
% Ch	-14.3	-13.2	16.6	27.7	1.2	1.1	-18.8	42.9
Farm Wages	0.543	0.552	0.557	0.563	0.631	0.637	0.645	0.652
% Ch	1.9	6.8	3.7	4.4	58.4	3.9	5.1	4.4
Military Wages	1.639	1.623	1.651	1.659	1.748	1.726	1.724	1.752
% Ch	6.3	-3.8	7.1	2.0	23.2	-4.9	-0.5	6.7
Nonwage Personal Income	52.423	53.505	54.361	55.598	56.335	57.186	57.843	58.740
% Ch	-3.1	8.5	6.6	9.4	5.4	6.2	4.7	6.3
Other Labor Income	7.377	7.605	7.639	7.817	7.833	8.073	8.154	8.040
% Ch	-1.0	12.9	1.8	9.7	0.8	12.8	4.1	-5.5
Proprietor's Income	10.473	10.636	10.616	11.154	11.185	11.258	11.465	11.822
% Ch	-30.4	6.4	-0.8	21.9	1.1	2.6	7.6	13.0
Farm	0.632	0.618	0.466	0.873	0.436	0.451	0.563	0.845
% Ch	-98.0	-8.6	-67.7	1131.2	-93.8	14.5	142.9	407.7
Nonfarm	9.841	10.018	10.150	10.281	10.749	10.807	10.902	10.977
% Ch	2.1	7.4	5.4	5.3	19.5	2.2	3.6	2.8
Less: Pers. Cont. for Social Ins.	6.019	6.164	6.186	6.306	6.400	6.532	6.636	6.603
% Ch	11.7	10.0	1.4	8.0	6.1	8.5	6.5	-2.0
Plus: Residence Adjustment	1.270	1.284	1.317	1.357	1.386	1.381	1.430	1.489
% Ch	17.0	4.5	10.7	12.7	8.9	-1.4	15.0	17.6
Dividends/Int./Rent	19.956	20.552	21.173	21.761	21.726	22.032	22.192	22.560
% Ch	5.1	12.5	12.6	11.6	-0.6	5.8	2.9	6.8
Transfer Payments	19.366	19.592	19.802	19.815	20.604	20.973	21.237	21.431
% Ch	10.3	4.8	4.4	0.3	16.9	7.4	5.1	3.7
State U.I. Benefits	1.120	1.075	1.049	0.850	0.793	0.882	0.915	0.892
% Ch	-40.2	-15.1	-9.3	-56.9	-24.0	53.0	15.8	-9.7
Other Transfers	18.246	18.517	18.753	18.965	19.811	20.091	20.322	20.539
% Ch	14.9	6.1	5.2	4.6	19.1	5.8	4.7	4.3

TABLE A3.4

Washington Personal Income by Component

Forecast 1996 to 1999

	1996:1	1996:2	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4
Personal Income	134.025	136.671	138.444	140.472	142.849	145.020	147.117	149.348
% Ch	8.4	8.1	5.3	6.0	6.9	6.2	5.9	6.2
Total Wage and Salary Disbursements	74.354	76.472	77.500	78.793	80.050	81.274	82.481	83.818
% Ch	9.9	11.9	5.5	6.8	6.5	6.3	6.1	6.6
Manufacturing	13.027	13.678	14.061	14.456	14.796	15.134	15.411	15.690
% Ch	42.9	21.5	11.7	11.7	9.7	9.4	7.5	7.5
Nondurable Manufacturing	3.515	3.581	3.619	3.699	3.755	3.806	3.857	3.915
% Ch	-2.3	7.7	4.4	9.1	6.1	5.6	5.5	6.2
Durable Manufacturing	9.512	10.097	10.442	10.757	11.041	11.328	11.554	11.775
% Ch	66.0	27.0	14.4	12.6	11.0	10.8	8.2	7.9
Nonmanufacturing	58.207	59.595	60.222	61.098	61.933	62.796	63.704	64.737
% Ch	4.5	9.9	4.3	6.0	5.6	5.7	5.9	6.6
Other Private Wages	0.613	0.686	0.699	0.713	0.731	0.746	0.762	0.778
% Ch	-52.5	56.8	7.8	8.5	10.1	8.9	8.4	8.8
Farm Wages	0.659	0.665	0.671	0.678	0.686	0.693	0.701	0.708
% Ch	4.4	3.7	3.5	4.3	4.7	4.3	4.1	4.3
Military Wages	1.847	1.847	1.847	1.847	1.904	1.904	1.904	1.904
% Ch	23.5	0.0	0.0	0.0	13.0	0.0	0.0	0.0
Nonwage Personal Income	59.672	60.199	60.944	61.679	62.798	63.746	64.636	65.530
% Ch	6.5	3.6	5.0	4.9	7.5	6.2	5.7	5.6
Other Labor Income	8.312	8.527	8.639	8.806	8.982	9.174	9.356	9.543
% Ch	14.2	10.7	5.4	8.0	8.2	8.8	8.2	8.2
Proprietor's Income	12.201	12.167	12.307	12.384	12.427	12.459	12.518	12.594
% Ch	13.5	-1.1	4.7	2.5	1.4	1.0	1.9	2.5
Farm	1.079	0.928	0.953	0.920	0.910	0.894	0.882	0.863
% Ch	165.9	-45.2	11.1	-13.1	-4.2	-7.1	-5.3	-8.4
Nonfarm	11.122	11.239	11.354	11.464	11.517	11.566	11.636	11.732
% Ch	5.4	4.3	4.2	3.9	1.8	1.7	2.5	3.3
Less: Pers. Cont. for Social Ins.	6.794	7.000	7.086	7.200	7.373	7.485	7.595	7.690
% Ch	12.1	12.7	5.0	6.6	10.0	6.2	6.0	5.1
Plus: Residence Adjustment	1.517	1.538	1.557	1.579	1.600	1.621	1.642	1.664
% Ch	7.7	5.6	4.9	5.8	5.5	5.4	5.3	5.3
Dividends/Int./Rent	22.640	22.831	23.143	23.430	23.983	24.463	24.877	25.186
% Ch	1.4	3.4	5.6	5.1	9.8	8.2	6.9	5.1
Transfer Payments	21.795	22.137	22.384	22.679	23.179	23.514	23.838	24.234
% Ch	7.0	6.4	4.5	5.4	9.1	5.9	5.6	6.8
State U.I. Benefits	0.843	0.861	0.817	0.817	0.825	0.831	0.837	0.842
% Ch	-20.2	8.6	-18.8	-0.2	4.3	3.0	2.9	2.2
Other Transfers	20.952	21.276	21.567	21.862	22.353	22.682	23.001	23.392
% Ch	8.3	6.3	5.6	5.6	9.3	6.0	5.7	7.0

TABLE A3.4

Washington Personal Income by Component

Forecast 1996 to 1999

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Personal Income	151.668	154.000	156.245	158.431	160.860	163.309	165.694	168.025
% Ch	6.4	6.3	6.0	5.7	6.3	6.2	6.0	5.7
Total Wage and Salary Disbursements	85.126	86.370	87.644	88.915	90.277	91.579	92.854	94.143
% Ch	6.4	6.0	6.0	5.9	6.3	5.9	5.7	5.7
Manufacturing	15.914	16.121	16.339	16.553	16.780	17.021	17.254	17.483
% Ch	5.8	5.3	5.5	5.4	5.6	5.9	5.6	5.4
Nondurable Manufacturing	3.968	4.021	4.076	4.131	4.188	4.248	4.303	4.358
% Ch	5.5	5.5	5.6	5.5	5.7	5.8	5.3	5.2
Durable Manufacturing	11.946	12.100	12.262	12.422	12.591	12.774	12.951	13.125
% Ch	5.9	5.2	5.5	5.3	5.6	5.9	5.7	5.5
Nonmanufacturing	65.740	66.752	67.784	68.818	69.849	70.883	71.901	72.936
% Ch	6.3	6.3	6.3	6.2	6.1	6.1	5.9	5.9
Other Private Wages	0.795	0.812	0.828	0.843	0.861	0.879	0.896	0.912
% Ch	8.9	8.7	8.2	7.8	8.6	8.5	8.0	7.6
Farm Wages	0.716	0.724	0.731	0.739	0.747	0.756	0.764	0.772
% Ch	4.5	4.5	4.3	4.2	4.5	4.5	4.4	4.3
Military Wages	1.962	1.962	1.962	1.962	2.040	2.040	2.040	2.040
% Ch	12.6	0.0	0.0	0.0	17.0	0.0	0.0	0.0
Nonwage Personal Income	66.542	67.630	68.601	69.517	70.583	71.730	72.840	73.881
% Ch	6.3	6.7	5.9	5.4	6.3	6.7	6.3	5.8
Other Labor Income	9.727	9.905	10.085	10.268	10.484	10.691	10.894	11.097
% Ch	8.0	7.5	7.5	7.5	8.7	8.2	7.8	7.7
Proprietor's Income	12.736	12.823	12.930	13.039	13.150	13.269	13.428	13.564
% Ch	4.6	2.8	3.4	3.4	3.4	3.7	4.9	4.1
Farm	0.865	0.873	0.881	0.890	0.902	0.911	0.919	0.926
% Ch	1.1	3.9	3.8	3.8	5.7	4.2	3.5	3.3
Nonfarm	11.871	11.950	12.049	12.149	12.248	12.358	12.509	12.638
% Ch	4.8	2.7	3.3	3.4	3.3	3.6	5.0	4.2
Less: Pers. Cont. for Social Ins.	7.902	7.993	8.103	8.218	8.396	8.480	8.583	8.703
% Ch	11.5	4.7	5.6	5.8	9.0	4.0	4.9	5.7
Plus: Residence Adjustment	1.686	1.709	1.733	1.756	1.779	1.804	1.829	1.854
% Ch	5.6	5.6	5.6	5.5	5.4	5.6	5.6	5.7
Dividends/Int./Rent	25.590	26.104	26.493	26.804	27.179	27.625	28.019	28.371
% Ch	6.6	8.3	6.1	4.8	5.7	6.7	5.8	5.1
Transfer Payments	24.704	25.081	25.464	25.867	26.387	26.821	27.254	27.698
% Ch	8.0	6.2	6.3	6.5	8.3	6.7	6.6	6.7
State U.I. Benefits	0.840	0.840	0.847	0.858	0.873	0.887	0.894	0.901
% Ch	-0.8	0.0	3.3	5.4	7.2	6.7	2.9	3.3
Other Transfers	23.863	24.241	24.617	25.008	25.513	25.933	26.360	26.797
% Ch	8.3	6.5	6.4	6.5	8.3	6.8	6.7	6.8

TABLE A4.1

Selected Inflation Indicators

(Deflator 1992= 1.0; CPI 1982-84= 1.0)

	Price Deflator [*]		U.S.CPI [#]		Seattle CPI ⁺	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1961	0.235	1.2	0.299	1.1	0.293	1.7
1962	0.237	1.1	0.303	1.2	0.298	1.5
1963	0.240	1.2	0.306	1.3	0.302	1.6
1964	0.243	1.4	0.310	1.3	0.306	1.3
1965	0.247	1.5	0.315	1.6	0.310	1.1
1966	0.253	2.5	0.325	3.0	0.319	3.0
1967	0.260	2.8	0.334	2.8	0.328	2.9
1968	0.270	3.9	0.348	4.2	0.342	4.1
1969	0.282	4.2	0.367	5.4	0.358	4.8
1970	0.295	4.7	0.388	5.9	0.374	4.5
1971	0.308	4.5	0.405	4.2	0.382	2.1
1972	0.319	3.5	0.418	3.3	0.393	2.9
1973	0.336	5.5	0.444	6.3	0.418	6.4
1974	0.371	10.2	0.493	11.0	0.464	11.0
1975	0.401	8.1	0.538	9.1	0.511	10.2
1976	0.423	5.7	0.569	5.8	0.540	5.5
1977	0.451	6.6	0.606	6.5	0.583	8.0
1978	0.484	7.3	0.652	7.6	0.640	9.9
1979	0.528	8.9	0.726	11.3	0.709	10.8
1980	0.585	10.9	0.824	13.5	0.827	16.7
1981	0.638	9.0	0.909	10.4	0.916	10.8
1982	0.674	5.7	0.965	6.2	0.978	6.7
1983	0.705	4.5	0.996	3.2	0.993	1.5
1984	0.731	3.8	1.039	4.4	1.030	3.8
1985	0.758	3.7	1.076	3.5	1.056	2.5
1986	0.780	2.9	1.097	1.9	1.066	1.0
1987	0.809	3.8	1.137	3.7	1.092	2.4
1988	0.843	4.2	1.183	4.1	1.128	3.3
1989	0.884	4.9	1.240	4.8	1.181	4.7
1990	0.929	5.1	1.308	5.4	1.268	7.3
1991	0.968	4.2	1.363	4.2	1.341	5.8
1992	1.000	3.3	1.404	3.0	1.390	3.7
1993	1.027	2.7	1.446	3.0	1.429	2.8
1994	1.051	2.4	1.483	2.6	1.478	3.4
1995	1.076	2.4	1.525	2.8	1.522	3.0
Forecast						
1996	1.099	2.1	1.570	3.0	1.567	2.9
1997	1.126	2.5	1.615	2.9	1.614	3.0
1998	1.155	2.6	1.660	2.8	1.665	3.2
1999	1.186	2.7	1.707	2.8	1.720	3.3

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures
Consumer Price Index for all Urban Consumers
+ Consumer Price Index for the Seattle-Tacoma CMSA

TABLE A4.2

Chain-Weighted Price Indices

Calendar Years 1961 to 1999

(1992= 1.0)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1961	0.193	2.0	0.231	0.7	0.154	2.3	0.245	-0.9
1962	0.197	1.7	0.235	1.4	0.155	0.5	0.247	0.6
1963	0.200	1.5	0.238	1.4	0.158	1.9	0.246	-0.3
1964	0.203	1.5	0.242	1.9	0.156	-0.8	0.244	-0.7
1965	0.207	2.2	0.247	2.0	0.160	2.2	0.253	3.7
1966	0.213	2.9	0.258	4.3	0.164	2.7	0.260	2.6
1967	0.220	3.4	0.262	1.6	0.169	3.0	0.268	3.2
1968	0.230	4.3	0.271	3.7	0.174	2.8	0.272	1.5
1969	0.239	4.0	0.285	4.9	0.178	2.4	0.281	3.2
1970	0.252	5.5	0.301	5.9	0.185	4.1	0.284	1.0
1971	0.267	5.9	0.311	3.2	0.198	6.9	0.286	0.7
1972	0.279	4.4	0.325	4.5	0.200	0.8	0.289	1.2
1973	0.292	4.5	0.361	11.0	0.228	14.4	0.317	9.6
1974	0.314	7.7	0.411	14.1	0.362	58.5	0.428	35.1
1975	0.340	8.2	0.444	8.0	0.396	9.5	0.457	6.8
1976	0.365	7.4	0.458	3.1	0.423	6.8	0.476	4.2
1977	0.395	8.1	0.485	6.0	0.478	12.9	0.504	5.8
1978	0.426	8.0	0.530	9.3	0.502	5.1	0.526	4.4
1979	0.461	8.1	0.584	10.2	0.673	33.9	0.705	34.0
1980	0.510	10.6	0.636	8.9	0.937	39.2	0.979	38.8
1981	0.562	10.3	0.686	7.9	1.140	21.7	1.089	11.3
1982	0.608	8.2	0.713	3.8	1.127	-1.2	1.034	-5.1
1983	0.649	6.7	0.730	2.4	1.059	-6.0	1.001	-3.2
1984	0.682	5.1	0.757	3.7	1.084	2.3	0.986	-1.4
1985	0.716	5.1	0.775	2.4	1.046	-3.4	0.995	0.8
1986	0.753	5.1	0.800	3.2	0.844	-19.4	0.781	-21.5
1987	0.782	3.9	0.828	3.6	0.859	1.8	0.811	3.8
1988	0.822	5.1	0.859	3.8	0.861	0.3	0.818	0.9
1989	0.866	5.3	0.905	5.3	0.901	4.6	0.894	9.2
1990	0.912	5.4	0.951	5.1	1.078	19.7	1.018	13.9
1991	0.958	5.0	0.986	3.6	1.040	-3.5	1.005	-1.3
1992	1.000	4.4	1.000	1.4	1.000	-3.9	1.000	-0.5
1993	1.036	3.6	1.017	1.7	0.996	-0.4	0.991	-0.9
1994	1.067	3.0	1.039	2.1	0.980	-1.6	0.996	0.6
1995	1.099	3.0	1.064	2.5	0.973	-0.7	1.011	1.5
Forecast								
1996	1.128	2.7	1.098	3.2	1.052	8.2	1.064	5.2
1997	1.165	3.2	1.141	3.9	0.980	-6.9	1.019	-4.2
1998	1.204	3.3	1.163	2.0	0.969	-1.1	1.026	0.7
1999	1.245	3.4	1.191	2.4	0.951	-1.8	1.027	0.1

TABLE A5.1

Total Resident Population and Components of Change

1970-1999

(Thousands)

	Population *	Change	Percent Change	Births	Deaths	Net Migration
1970	3413.3	16.3	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.2
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.2
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	94.0
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.4	153.2	3.8	65.4	31.3	119.1
1981	4229.3	96.9	2.3	68.2	31.8	60.6
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5000.4	133.7	2.7	79.1	36.6	91.2
1992	5116.7	116.3	2.3	80.2	37.2	73.2
1993	5240.9	124.2	2.4	79.1	39.4	84.5
1994	5334.4	93.5	1.8	78.2	39.5	54.9
1995	5429.9	95.5	1.8	77.6	40.3	58.2
1996	5516.8	86.9	1.6	77.2	41.0	50.7
Forecast						
1997	5608.1	91.3	1.7	77.0	41.5	55.8
1998	5713.5	105.4	1.9	77.3	42.3	70.5
1999	5824.6	111.1	1.9	77.8	43.2	76.6

* Population on April 1 of Each Year

TABLE A5.2
Washington Population
 (Thousands)

	Estimated			Forecast		
	1994	1995	1996	1997	1998	1999
Total Population	5334.4	5429.9	5516.8	5608.1	5713.5	5824.6
Percent Change	1.8	1.8	1.6	1.7	1.9	1.9
Age 17 and Under	1434.4	1463.9	1487.8	1510.6	1532.8	1554.1
Percent of Total	26.9	27.0	27.0	26.9	26.8	26.7
Age 6-18	1001.3	1031.2	1061.9	1091.7	1122.8	1146.5
Percent of Total	18.8	19.0	19.2	19.5	19.7	19.7
Age 18 and Over	3900.0	3966.0	4029.0	4097.5	4180.8	4270.5
Percent of Total	73.1	73.0	73.0	73.1	73.2	73.3
Age 21 and Over	3703.5	3763.4	3820.0	3880.6	3951.5	4027.7
Percent of Total	69.4	69.3	69.2	69.2	69.2	69.1
Age 20-34	1202.2	1188.5	1169.4	1162.7	1158.6	1161.2
Percent of Total	22.5	21.9	21.2	20.7	20.3	19.9
Age 18-64	3281.9	3338.7	3392.1	3454.2	3530.1	3612.7
Percent of Total	61.5	61.5	61.5	61.6	61.8	62.0
Age 65 and Over	618.1	627.4	636.9	643.3	650.7	657.8
Percent of Total	11.6	11.6	11.5	11.5	11.4	11.3

Source: Office of Financial Management

Glossary

Biennium: The state's two year budget cycle. The current Biennium (1995-1997) started on July 1, 1995 and ends June 30 1997. The 1997-1999 Biennium starts July 1, 1995 and ends June 30 1997.

Cash Basis: Cash receipts received during a period. The Forecast Council forecasts revenues on a **Cash** and **GAAP** (Generally Accepted Accounting Principles) basis. The **Cash** forecast measures cash expected during a period. The GAAP forecast measures revenues expected to be earned during a period.

CPI: The Consumer Price Index For All Urban Consumers. The Bureau of Labor Statistics (BLS) updates the CPI monthly, surveying over 60,000 goods in 85 urban areas. The BLS also tracks a Seattle-Tacoma CPI. It updates this twice a year.

Tax Elasticity: A measure of how tax revenues respond to changes in personal income. If tax revenue elasticity is greater than one, a one percent change in personal income will be associated with more than a one percent increase in tax revenues. If elasticity is less than one, a one percent increase in personal income will be associated with a less than a one percent increase in tax revenues.

Fiscal Year: The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 1997, for example, runs from July 1, 1996 through June 30, 1997.

GAAP Basis: Government revenues measured using **Generally Accepted Accounting Principles**.

General Fund: The state's treasury fund. All appropriations not supported by dedicated revenue sources (about 65 percent of state revenues go to the general fund.)

Implicit Price Deflator for Personal Consumption Expenditures (IPD): The price deflator used to compute real consumption expenditures. The IPD and the CPI are the most widely used measures of inflation.

Mortgage Rate: The average interest rates on 25 year conventional loan (as reported by the Federal Home Loan Bank Board).

Non-Wage Income: Personal income not coming from wages and salaries. It includes proprietor's income, interest, dividends, and rent, employers contributions to private pension funds, and transfer payments.

Real GDP: Gross Domestic Product adjusted for inflation.

Personal Income: Income from wages, salaries, other labor payments, proprietorships, interest, dividends, rent, and transfer payments, less employee social security contributions.

Seasonally adjusted: A statistical series adjusted for seasonal variations. Monthly statistics, such as the unemployment rate, are seasonally adjusted to make month-to-month comparisons possible.

Wage and Salary Employment: Part-time and full time workers receiving wages or salaries on the 12th day of the month. This statistic **excludes** the self-employed, members of the armed forces, private household employees, and workers on strike.

**Office of the Forecast Council
State of Washington
Post Office Box 40912
Olympia, WA 98504-0912**

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